FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Change in London's securities market gathers pace, Page 12

NEWS SUMMARY

GENERAL

Shultz rejects PLO role in talks

U.S. Secretary of State George Shultz yesterday rejected British Foreign Secretary Sir Geoffrey Howe's suggestion that Israel should be encouraged to accept the Palestine Liberation Organisation as a party to Middle East peace talks.

"I do not see it would be appropriate to make any such statement to Israel," he said.

Israeli troops and Christian militia closed the Awali Bridge, the main crossing point into occupied South Lebanon, only hours after more relaxed procedures were to have come into force.

Report welcomed

The Kissinger Commission report recommending an $8bn aid programme in Central America and more U.S. military involvement, has received a cautious welcome in the U.S. Congress. Page 4

Coalition stronger

The position of Denmark's coalition government strengthened on a decline in the country's expected budget deficit. Page 2

Schoolgirl kidnapped

Kidnappers seized the seven-year-old daughter of Sr Guglielmo Isoardi, one of the owners of leading tour operator Alpitour, at her school in the north Italian city of Cuneo. Police expect a ransom demand.

Nato chief's denial

General Bernard Rogers, U.S. supreme commander of Nato, denied he had played any part in the removal of General Günter Kiessling, his West German deputy, who was ordered to take early retirement last month after an intelligence report said his private life might expose him to blackmail. Page 2

Sri Lanka charges

About 75 people are to be charged with murder in Sri Lanka during the racial violence there last July.

Peru students riot

Eleven police and 20 students were injured and 220 students arrested when 5,000 students staged a demonstration to demand higher university budgets.

Union defies court

Sogat, the British general print union, decided not to comply with a court order to stop the blacking of the distribution and printing of 600,000 copies of the BBC broadcasting magazine, Radio Times.

Donor egg baby born

An Australian woman has given birth to the world's first baby conceived from an egg taken from another woman and fertilised in a test tube by her husband's sperm.

Soviet UFO riddle

Soviet scientists were puzzled by more than 40 reports of sightings of a bright sphere followed by seven smaller lights which flew at 3,700 miles an hour, half a mile above the Ukraine and southern Russia.

President re-elected

President Chadli Benjedid of Algeria was re-elected unopposed for a second five-year term. Page 3

Flights ban call

West Germany's Greens environmentalist group is calling for a ban on night flights at Frankfurt, one of Europe's busiest airports, as part of a coalition package with the Social Democratic Party in the state of Hesse. Page 2

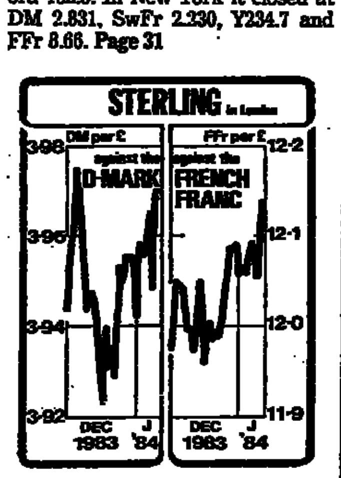
BUSINESS

Canberra poll hint as jobless total falls

AUSTRALIAN Prime Minister Bob Hawke hinted that he might call an early general election in the wake of encouraging economic statistics.

Canberra yesterday announced a 0.4 percentage point fall in unemployment to 9.2 per cent. Exports rose 3 per cent and imports were 10 per cent down to give the best trade surplus since June 1980. Page 3

DOLLAR lost ground in money markets yesterday after its recent strong rise. It eased to DM 2.8375 (DM 2.8425), FFr 8.6840 (FFr 8.6850) and SwFr 2.2475 (SwFr 2.2530) but improved to Y234.80 (Y234.40). However, its Bank of England trade weighting rose from 132.3 to a record 132.5. In New York it closed at DM 2.831, SwFr 2.230, Y234.7 and FFr 8.66. Page 31



STERLING gained 25 points to $1.3980. It was unchanged at DM 3.97 and SwFr 3.1450 and firmed to FFr 12.135 (FFr 12.115) and Y328.5 (Y327.5). Its Bank of England trade-weighted index rose from 81.7 to 81.8. In New York it closed at $1.4015. Page 31

WALL STREET: Dow Jones index closed 1.99 up at 1,279.31. Report, Page 21; Full share prices, Pages 22-24

GOLD rose $2½ to $370⅛ in London. In Frankfurt it added $2 to $369⅝ and in Zurich it gained $3 to $370⅛. In New York, the Comex January settlement was $368.9 ($370.4). Page 30

TOKYO: Nikkei Dow index added 31.65 to a record 10,104.16. Stock Exchange index gained 1.70 at 757.44. Report, Page 21; Leading prices, Page 24

HONG KONG: Hang Seng index rose 14.11 to 978.58. Report, Page 21; Leading prices, Page 24

LONDON: FT Industrial Ordinary index advanced 6.0 to 796.0. Report, Page 25; Share information service, Pages 26, 27

HONGKONG Land Company is to raise an estimated HK$860m ($110m) by selling part of its holding of around 42 per cent in Jardine Matheson, the Hong Kong trading conglomerate. Page 15

JAPANESE manufacturers increased their share of European semiconductor markets from 7 per cent to 10 per cent, according to a U.S. market research company. Page 14

DUTCH Government has agreed in principle to buy the American Patriot air defence system. The Fl 900m ($282.1m) cost will be more than offset by U.S. purchases of Dutch goods.

CHINESE and U.S. officials signed a bilateral agreement on science and technology and on industrial and technological co-operation as Chinese Premier Zhao Ziyang paid a final visit to the White House before continuing his U.S. tour. Page 4

U.S. COMMERCE Department expects a strong rise in capital spending on new equipment by the country's industry in the coming year. Page 4

Brussels package would cut prices for some farmers

BY JOHN WYLES AND IVO DAWNAY IN BRUSSELS

FARMERS in Britain, West Germany, the Netherlands and Denmark will be paid lower EEC guaranteed prices for their products this year if governments adopt an austerity farm price package announced by the European Commission last night.

The proposals, which amount very nearly to a price freeze, will be fiercely resisted by farmers' organisations and greatly disliked by member governments.

But in a stern warning to national capitals, the Commission stressed last night that the measures were an essential adjunct to its proposals for reforming the Common Agricultural Policy (CAP).

The Commission said that both the price and reform proposals must be adopted by the end of March to slow down the booming production of surplus and to keep CAP spending within its 1984 budget limit of 16.5bn European currency units ($13.1bn). If the "necessary decisions" were not taken in time then there would have to be "immediate and possibly drastic cuts in the level of market support," the Commission said.

Most member states appear anxious to meet the Commission's timetable but know that the issue is a daunting one. This is because of political linkages which mean that agricultural prices and reform cannot be settled without parallel agreements solving Britain's budget problem and raising the ceiling on the EEC's budget revenues.

Potentially, the most controversial element in the Commission's package is its creation of "winners" and "losers" in terms of the prices paid to farmers in national currencies. These arise from the Commission's attempt, widely supported by those governments which stand to gain, to move towards the elimination of monetary compensatory amounts (MCAs) – the border taxes and subsidies which insulate national prices from currency changes.

The proposed reduction or elimination of positive MCAs would mean an average reduction in prices paid to British farmers of 3.2 per cent, together with price cuts of 5.4 per cent in West Germany, 3.1 per cent in the Netherlands and 0.4 per cent in Denmark.

Corresponding elimination of negative MCAs yields average rises for volatile French farmers of 3.2 per cent, while Belgium gains 2.3 per cent, Ireland 2.1 per cent and Italy 0.8 per cent.

At the heart of the Commission's package is a move to freeze the common prices of the products which are either in expensive surplus or moving in that direction – milk, cereals, wine and tomatoes. Limited price rises of between 1 per cent and 3.5 per cent are suggested for some other products, including sugar, fruit, vegetables and rice. Prices for colza and some varieties of tobacco would be cut by between 1 and 2 per cent. The average rise in prices for all products is 0.8 per cent.

Overall, the Commission's package would cut around Ecu 350m off the cost of the CAP this year estimated at by the Commission at Ecu 17.4bn.

According to Mr Poul Dalsager, the Agricultural Commissioner, simultaneous adoption of the broader reform proposals – which could yield additional savings of Ecu 550m and thus bring the CAP within its budget ceiling. The impact on food prices, he added, would be negligible.

Explaining the need to rein in milk production, Mr Dalsager said that production had increased by nearly 4 per cent last year against a projected rise in demand of barely half a percentage point in 1984.

"The public authorities cannot be expected to take charge of all these products for which there is no market," he said. "We cannot continue the CAP on such a basis which is neither economically sound nor financially acceptable."

In an effort to curb dairy costs, the Commission has therefore restructured support by cutting the intervention price for butter by 11.4 per cent while raising it for skimmed milk powder by 10.9 per cent.

It is hoped that this move will cut costs by encouraging dairies to put more butter on to the open market at lower prices and will bring savings through the lower expenses incurred in milk powder storage.

Background, Page 30

DRIVERS FREED

Two British lorry drivers "hijacked" by French farmers were released by French police last night. The farmers were protesting against British lamb imports and the fall in the price of pork. Page 14

Paris was told Peugeot needed 10,000 job cuts

BY DAVID HOUSEGO IN PARIS

A CONFIDENTIAL report commissioned by the French Government has found that Automobiles Peugeot, the division incorporating the Peugeot group's Peugeot and Talbot car operations, needed to cut its labour force far more sustantially than by the 7,500 job reductions it has proposed.

The report was commissioned in August from M Jean Prada, a member of the Cour des Comptes, the Government's accounting watchdog agency, to discover if the Peugeot job cuts were justified. Its conclusions, submitted to the Government in the autumn, suggested that the private company needed to cut its workforce by about 10,000 or some 2,500 more than in the company's plans.

The Peugeot job cuts have been at the centre of a landmark labour dispute in France. Indeed, the issue has become a test case of sorts of the left-wing Government's industrial restructuring policies.

The Peugeot group and the Government reached an agreement before Christmas whereby Peugeot would reduce the number of straight redundancies in its controversial job reduction plans from 2,900 to 1,900. All the redundancies involve the car group's troubled Talbot plant at Poissy, outside Paris.

The Government and the trade unions have accepted, albeit reluctantly, job cuts by Peugeot through early retirement. The redundancies at Talbot, however, have posed an explosive political question.

The Government is now in two minds whether the confidential report should be published. Among those favouring publication are M Pierre Beregovoy, the Minister for Social Affairs, and M Jack Ralité, the Communist Minister of Employment. Both argue that the report will show the Government's determination to keep redundancies to a minimum.

But M Pierre Mauroy, the Prime Minister, has opposed publication, believing that publishing further confidential document after the sensational report on the "oil sniffer aircraft" affair might have damaging consequences.

The conclusions of the report on Peugeot are clearly delicate for the Government after the reaction of the trade unions to the Talbot affair.

Moreover, the report does not embrace the Peugeot group's Citroën division. The subsidiary is currently considering modernisation plans for its Paris-based plants, which might eventually involve some 1,500 job cuts.

Hard line on job losses, Page 14

Pöhl opposes capital controls

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank has joined the Government in rejecting capital controls as a way of shielding Europe from the impact of high U.S. interest rates and the soaring dollar.

Herr Karl-Otto Pöhl, president of the independent central bank, emphasised yesterday that the negative effect of such controls far outweighed any possible benefits.

The comments of Herr Pöhl and the Bonn Government follow proposals for a joint European monetary initiative issued this week by the opposition Social Democrats (SPD).

The SPD thinks Europe might "de-couple" itself from U.S. monetary developments by imposing a tax on exports of capital, now being sucked into the dollar by high U.S. interest rates.

German monetary authorities believe however, that such action might instead spark a panic flight out of European currencies, thus achieving the opposite of what was intended. It is felt that capital restrictions might also bring retaliatory action in the trade field, disastrous not least for West German exporters.

The sharp criticism of the SPD plan is also being seen as a shot across the bows of the French, who, the Germans fear, may produce some similar scheme during their current six-month presidency of the European Community council.

It is recalled that the SPD's ideas are not far distant from the plan for a "two-tier" interest-rate system in Europe, floated some two years ago by the French Finance Minister, M Jacques Delors.

That scheme would also have involved some form of capital controls, and was rejected at the time, informally, by the Bonn Government.

U.S. rules out change in missile deployment schedule

By Anthony Robinson in London

THE U.S. is not prepared to make concessions to the Soviet Union at next week's Stockholm Conference on disarmament in Europe (CDE) simply to get them back to the arms control negotiations in Geneva.

But it is entering the talks with a view to achieving "practical, workable and operational measures to increase confidence and security," Mr George Shultz, the U.S. Secretary of State, said yesterday.

Speaking on an international televised link-up with European journalists, Mr Shultz dismissed suggestions that Nato should modify its schedule for the eventual deployment of 572 cruise and Pershing 2 missiles to counter the Soviet build-up of SS-20 missiles.

"We have a reasonable negotiating position on the table at Geneva and we see no reason to make any concessions simply for the sake of resuming talks," he said.

Meanwhile, in Moscow, President Yuri Andropov adopted a similarly uncompromising Soviet position by repeating his earlier demand for withdrawal of the new U.S. missiles from Western Europe as a pre-condition for any Soviet return to the intermediate range nuclear force (INF) talks from which it walked out in November.

In a statement bearing his name, issued in reply to a message from a French peace group, Mr Andropov said: "Continuation of talks in the present conditions would be tantamount to complicity in deceiving European and world public."

But, he added: "If readiness is expressed on the part of the Nato countries to return to the situation which existed before the start of deployment of U.S. medium-range missiles in Europe, the Soviet Union will likewise be ready to do that."

Mr Shultz is scheduled to meet Mr Andrei Gromyko, the Soviet Foreign Minister, in Stockholm.

The two men are expected to cover a wide range of East-West issues, including U.S. concern about alleged Soviet violations of the provisions of the Salt 2 (strategic arms limitation talks) and Anti-Ballistic Missile (ABM) treaties.

The U.S. believes that the Soviet Union is working on two new intercontinental ballistic missile systems and a new anti-missile radar complex in Siberia. Mr Shultz made clear that the U.S. had already raised its worries about that

High hopes for Stockholm talks, Page 14

Sinclair desk computer will undercut rivals

BY JASON CRISP IN LONDON

Sir Clive Sinclair

SINCLAIR RESEARCH, the UK company founded and owned by Sir Clive Sinclair, launched its first personal computer for business use yesterday at £399 ($557), substantially less than any competitive product on the market.

The new system is expected to form the basis of a low-cost office workstation being developed by ICL, the largest British-owned computer manufacturer.

Sinclair and ICL have been working jointly on the workstation, which will be used as a terminal for a powerful new digital telephone exchange – made by Mitel of Canada – to be sold by ICL in the UK.

The ICL workstation will give the Sinclair computer greater credibility in the business market. It will use the Sinclair-developed microdrives, a cheaper form of mass memory storage than the commonly used floppy disks. It also increases the acceptance of a new operating system developed by Sinclair Research for the very powerful microprocessor used in its new computer.

The new Sinclair computer, called the QL, will be sold initially in the UK by mail order and will become available at the end of February. The company expect to sell it in Continental Europe and the U.S. in the second half of the year.

The QL uses an exceptionally powerful 32-bit microprocessor from Motorola, the U.S. electronics group. Most home computers have 8-bit processors. Even the more powerful business machines, including the IBM Personal Computer (PC) and the Sirius, have 16-bit processors.

The QL – which stands for Quantum Leap – has four application programs and built-in mass memory storage. The programs include word processing and a spreadsheet for financial analysis, by far the two most popular uses for personal computers in business.

The machine is also aimed at the top echelon of the amateur or home computer market, schools and universities.

Users of the QL would still need to buy a screen, either an ordinary television or a special monitor, and a printer. But Sir Clive pointed out yesterday that the QL would still be much cheaper than competitive products such as Acorn's BBC computer, IBM PC, Apple IIe and Apricot computers.

The QL is to be made initially by Thorn EMI Datatech at Feltham, West London, and production is expected to reach 20,000 units a month by the summer. Within a year, production is expected to increase to over 100,000 units a month. By then, Sinclair will have a second source, probably Timex at Dundee, Scotland, the main manufacturer of the Sinclair ZX81 and Spectrum home computers.

The new computer confirms Sir Clive's position as one of Britain's leading innovators. In the 1970s he pioneered the first pocket calculator and was one of the first to produce digital watches, although in the end both failed.

In 1980 his company, Sinclair Research, launched a tiny computer at £100, at the time by far the cheapest in the world. Just over a year later, it launched a new computer, the ZX81. It was more sophisticated and cost £70, which has been since cut to £40. Last year, Sinclair launched a third computer, the Spectrum.

At the end of last year, Sinclair produced its one millionth Spectrum, bringing its total computer sales to over 2.3m units. Last year, Sinclair also launched – after many delays – a pocket-sized, flat-screen television which costs £80. Deliveries of the black-and-white television, which is made by Timex, have just begun.

The launch of the Sinclair computer yesterday coincided with moves by two other British companies into the personal computer business. Thorn EMI confirmed that it had reached an agreement with Televideo of California to distribute its computer products in the UK and Ireland.

Standard Telephones and Cables (STC) also announced yesterday that it was entering the business microcomputer market. It is to sell the XTRA microcomputer developed by ITT.

'Son of Lisa', Page 6

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EUROPEAN NEWS

French inflation exceeds target

By David Marsh in Paris

FRANCE'S annual inflation rate last year fell to between 9.2 and 9.3 per cent, down from the previous year's 9.7 per cent, but well above the original target of 8 per cent and a long way from the Government's ambitious objective of 5 per cent for this year.

According to preliminary figures from the government statistics institute Insee, consumer prices rose 0.3 per cent in December, the slowest rise of any month in 1983 and down from 0.4 per cent in November.

The Finance Ministry pointed out that the annual rate over the last six months of 1983 fell to 7.7 per cent putting the country on the right road towards this year's 5 per cent target.

However, the objective is clearly threatened by public sector tariff increases planned for the months ahead (designed to hold down the nationalised industries' deficits)

The continued rise in the dollar, which the Government experts believe during 1983 added 1 percentage point to the inflation rate, poses an additional risk to this year's inflation efforts.

NEW ELECTION IN NEAR FUTURE MUST BE AVOIDED

Budget test for Danish coalition

BY HILARY BARNES IN COPENHAGEN

A SUBSTANTIAL decline in the Danish budget deficit could ease the problems faced by the coalition *Government in finding a majority* to pass the 1984 Finance Act, following Tuesday's election.

The election left the coalition – of Conservatives, Liberals, Centre Democrats and the Christian People's Party – *and its Radical* Party supporters just short of a majority and the situation seems to call for an accommodation with the opposition Social Democrats.

The election was caused by the defeat of the Finance Act in December, when the Social Democrats broke with tradition by voting against the Act.

Much of the tension has been taken out of the post-election situation, however, by statements from the Social Democratic leader, Mr Anker Joergensen, as well as Prime Miniter Mr Poul Schlüter and the Radical Leader Mr Niels Helveg Petersen stressing that, however difficult the parliamentary situation, a new election in the near-future must be avoided.

There is, however, still doubt about the total number of supporters on whom the Government can count and it remains possible that with the help of a recount and the votes of the members for Greenland and the Faroe Islands that the Government will have the support it needs to pass the Finance Act.

The 1983 budget deficit is now expected to be DKr 55bn ($5.4bn) (10.6 per cent of the gross domestic product), which is DKr 4.5bn lower than estimated as recently as November and compares with the deficit of *DKr 69bn which was expected* when the 1983 Finance Act was passed 13 months ago.

The improvement is attributable to improvements in the state of the economy resulting from Government policies, especially a sharp decline in interest rates. *A rising* level of economic activity has also generated higher than expected revenues from car sales, value added tax and other indirect taxes.

The Finance Ministry has not *completed its new estimates for* 1984, which will be included in the Finance Bill when it is again presented to the Folketing (parliament) on January 25, but the deficit is expected to be at least DKr 3bn-4bn lower than estimated in November at DKr 58.5bn.

Although Finance Minister Mr Henning Christophersen is committed to a 1984 deficit which is lower than last year, the budget improvements leave the coalition with some degree of manoeuvre *if* it is necessary to negotiate a Finance Bill deal with the Social Democrats.

A final clarification of the coalition's parliamentary support has to wait until Sunday, when the recounting of all the votes cast will be completed. A small shift of votes from the Socialist People's Party to the Liberals could give the Liberals an extra seat.

*Both members for the Faroe Is*lands now say they will back the Government, while in Greenland one member is certain to vote with the Social Democrats, but the second has not yet declared his intentions. *However, he is thought likely* to vote with the Government.

The coalition parties with 76 seats and the Radicals with 10 need four more for an absolute majority. With three North Atlantic members on their side and a bit of luck in the recount the Government could be home and dry.

Glistrup bid fails

WARDERS AT Horsens open prison, near Elsinor, had to hold back convict No 8817 when he tried to leave the prison yesterday following his re-election to the Folketing on Tuesday. The prisoner is Mr Mogens Glistrup, leader of the tax protest Progress Party, who is serving a three year sentence for tax fraud. As a re-elected member of the Folketing he is protected by parliamentary immunity and he claimed that this gave him the right to leave the prison.

But formally he is not a member until he has received an official letter from the Ministry of Home Affairs endorsing his election. The letter is not expected to arrive until next week and in the meantime, said Mr Erik Ninn-Hansen, Minister of Justice, Mr Glistrup must observe the rules.

Mr Glistrup, however, will enjoy a few days of freedom before the new Folketing rules that he is unworthy to take his seat, probably on January 25 or 26.

Mr Glistrup's prison sentence has not given him the martyr's crown he hoped for. His personal vote slipped from 19,000 in the 1981 election to 8,096 this time, while his party's representation was slashed from 16 to six seats.

EEC road injury awards harmonised

By Paul Cheeseright in Brussels

VICTIMS of traffic accidents in any EEC country will be entitled to compensation based on a minimum level of insurance cover as a directive adopted by the Ten comes into force later this decade.

That includes the victims of accidents caused by uninsured or unidentified drivers. And a minimum level of cover has been set for damage to property caused by motor accidents.

The directive, *which has been* intermittently debated for three years, was finally agreed by the Council, using a written rather than a debating procedure, on December 30. The terms of the directive have just been published.

Legislation to amend British law will be introduced well in time to be effective before the end of the transitional period to bring the directive into force, the spokesman said. *This is* January 1, 1989 for most states.

But Italy, Ireland and Greece have *until* the 1990s to bring the directive into effect.

Hitherto accident victims *have been* compensated in accordance with the minimum standards of the state in which *the accident took place.*

Call to ban night flights from Frankfurt airport

BY JOHN DAVIES IN FRANKFURT

FRANKFURT AIRPORT in West Germany, where plans for *a new runway* sparked violent protests, has again become a centre of political controversy, this time over night flights.

The issue has emerged during tortuous negotiations between the Greens, the environmentalist group, and the Social Democratic Party (SPD) in the state of Hesse. The two have been trying to agree a policy package which would allow the Greens to support an SPD *minority administration.*

The Greens want all flights banned between 10 pm and 6 am; Herr Holger Boerner, the SPD Premier of Hesse, has offered to seek a progressive reduction in night noise.

The Bonn Government, which has a veto, yesterday declared it would not approve a tightening of existing restrictions on night flights.

Businessmen believe there is little threat to commercial night flights in the immediate future, but they are concerned that the Greens, having failed to stop the new runway, are trying to make night flights a sensitive environmental issue.

Frankfurt is one of Europe's busiest airports, with about 620 landings and take-offs a day. The Greens are mounting their assault against some 50 night flights, involving U.S. military aircraft and jets carrying international cargo and West German mail. Existing restrictions include a ban on landings between 1 am and 4 am.

Herr Boerner says it is reasonable to ban night flights from the new runway, to be opened in a few months, and to insist that only relatively quieter aircraft operate at night. However, the new runway is not needed for night flights and nearly all commercial night flights already *involve quieter aircraft.*

He also favours pressing Bonn to ask the U.S. to end military flights—and to reduce tests on the ground—at night.

The most strident criticism of *the Greens has come from* Herr Christian Schwarz-Schilling, the Postal Minister, who said that they were trying to stop flights essential for speedy delivery of mail.

Greens MP threatens to resign in West Germany

BY JAMES BUCHAN IN BONN

A NEW crisis has erupted in the chaotic parliamentary party of West Germany's Greens with the threat of one of its best-known deputies to resign.

Herr Gert Bastian, a former tank general and sometime member of the conservative Christian Social Union (CSU), said yesterday that he would sit as an independent unless the working atmosphere improved and something was done about left-wing "infiltration."

The loss of Herr Bastian, a vigorous opponent of atomic weapons and Nato strategy, would seriously discredit the party in the eyes of its anti-nuclear voters. Only two other deputies would need to follow his example for the Greens to risk losing their privileges as a parliamentary party.

Frau Petra Kelly, a close friend of Herr Bastian and the only Green with an international reputation, said she supported many of Herr Bastian's complaints but she had no intention of resigning.

The Greens yesterday cancelled a press conference after failing to reach agreement with Herr Bastian on guidelines for activity this year in foreign and security policy.

In a conversation yesterday and in a letter to the parliamentary party on January 9, Herr Bastian bitterly accused some of his colleagues of anti-American attitudes and one-sidedness regarding the Soviet Union and its satellites.

Other Greens yesterday accused Herr Bastian of gross exaggeration in claiming that the "Z-fraction," a communist splinter group active, above all, in Hamburg, was taking over the parliamentary party.

Shipyards' future agreed

BY OUR FRANKFURT CORRESPONDENT

WEST GERMANY'S depressed shipbuilding industry has received an encouraging boost, with an agreement on the future of three shipyards in Bremen and nearby Bremerhaven.

Two of the shipyards, owned by Bremer Vulkan and Hapag-Lloyd, are to merge, while Seebeckwerft, which recently received new orders from China, will continue on its own.

The Bremen state government is to provide aid worth DM 54.4m (£13.7m), including a DM 25m loan to the Bremer Vulkan and Hapag-Lloyd. The Federal Government in Bonn recently refused aid sought by Bremen to enable a wider shipyard merger to take place.

The latest move comes hard on the heels of the closure of the AC Weser shipyard in Bremen at the end of last year, with the loss of more than 2,000 jobs.

About 8,000 workers currently have jobs in shipbuilding in Bremen and Bremerhaven. But more jobs are expected to be lost as capacity is reduced.

Kiessling case row grows

BY OUR BONN STAFF

THE AFFAIR of Gen Guenter Kiessling, the West German general retired without ceremony at the close of last year on grounds of alleged security risk, is developing into a serious embarrassment for Herr Manfred Woerner, the Bonn Defence Minister.

The opposition Social Democrats (SPD) have demanded a special session next week of the Bundestag intelligence control commission to examine the conduct of the MAD, the West German defence intelligence service, which last year investigated Gen Kiessling, then deputy supreme allied commander in Europe.

Herr Konrad Redeker, the general's solicitor, said yesterday that the MAD report, delivered to Herr Woerner on December 6, alleged that Gen Kiessling was a regular at two pubs in Cologne apparently favoured by homosexuals. The general said yesterday that he had never heard of the pubs and was not a homosexual.

Warsaw to increase benefit for the aged

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have decided to spend more than originally planned on pensions and other benefits to offset the effect of forthcoming food price increases. The price rises have also been slightly toned down compared with proposals put forward last November.

This emerges from a draft published yesterday by the prices office which is to be shortly presented for approval to the Government. In November, the authorities put forward for consultation two variants of new prices designed to pay for farm gate prices, which were raised last July. It is officially estimated that these increases put 130bn zlotys ($1.2bn) on the nation's food bill.

The caution with which the Government is approaching the issue reflects the fact that attempts to raise food prices have twice since 1970 provoked protests and led to the fall of the leadership. Solidarity, the banned union, has called for protests against the present price rise proposals, with little visible effect so far. The new unions, designed to replace Mr Lech Walesa's movement, have also criticised the increases.

As the authorities tussle with the problem of how to pass on the cost of last July's agricultural product price rises, it is already being suggested that meat prices paid to farmers will have to go up by another 15 per cent next July.

The present draft consumer prices would mean an average 20 per cent increase on dairy products and a 32 per cent rise for bread flour and cereals.

According to the official figures, the new prices will mean that the population will be paying an extra 112bn zlotys. The remaining 8bn zlotys would be accounted for by budget subsidies to food prices. Increased pensions, cost of living increases and other benefits designed to match the rises will cost another 65bn zlotys, bringing the Government's bill to 73bn zlotys.

Originally, the cost to the budget would have risen by 38bn zlotys if the lower variant had been chosen and by 23bn zlotys if the second variant proposing higher prices had been politically viable.

The officially sanctioned Peasant Party has set up a special commission to examine meat production. Last week, at its first meeting, it blamed the present agricultural price structure – which favours grain production as well as lower imports of animal feed – for the dramatic fall in animal herds.

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OVERSEAS NEWS

Hawke hints at early election as recovery continues

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BULLISH news on the Australian economy yesterday led Mr Bob Hawke, the Prime Minister, to give a strong hint that he may call an early general election.

He said it was usual to combine an election for the House of Representatives (lower house) with a half-Senate (upper house) election, the latter of which is due by mid-1985.

If Mr Hawke's Labor government sees out a full term, a general election will not be called until early 1986.

His comments followed the announcement in Canberra of encouraging news on the economy, particularly on employment.

Last month, seasonally-adjusted unemployment fell to 9.2 per cent, the lowest jobless rate since January 1983, and a fall of 0.4 of a percentage point on November.

Mr John Dawkins, Minister for Finance, welcomed the figures, but said continued wage restraint was essential if the jobs recovery was to be maintained.

The government's prices and incomes accord with the Australian Council of Trade Unions has worked smoothly so far, though many observers question whether key unions, like the metal workers, will contine to toe the pay line

There was more good news on the trade front yesterday. In December, exports rose by 3 per cent, to A$2bn, while imports fell by 10 per cent, to A$1.7bn, producing a balance of trade surplus of A$329m (£211m), the best result since June 1980.

Capital inflow last month totalled A$1.6bn, while gold and foreign exchange reserves reached a record A$13.4bn. On December 12, the Australian dollar was floated.

The main factors boosting the economy since Labor won power last March were the breaking of a four-year drought, and the pace of the U.S. recovery.

Retail sales are booming, as are new vehicle registrations (up 6.8 per cent in November). Interest rates have fallen and bank savings and housing approvals are buoyant.

Mr Hawke said yesterday that his objectives in the budget next August were income tax cuts, and reduction of the budget deficit which for 1983-84 is targeted at A$8.4bn.

Fernandez named as Philippines bank chief

By Emilia Tagaza in Manila

MR JOSE FERNANDEZ was yesterday named as governor of the Philippines Central Bank to succeed Mr Jaime Laya, a spokesman for President Ferdinand Marcos announced.

Mr Fernandez, aged 60, is president of the Far East Bank and Trust and has close links with the international financial community, including Japanese and U.S. banks.

The Philippines is seeking to restructure some of its $25bn foreign debt and many U.S. and Japanese banks are directly involved in the negotiations.

Mr Fernandez's appointment was announced a day after Mr Laya was transferred from the bank and appointed Education Minister.

Members of the international banking community welcomed the appointment, especially those involved in negotiations for debt restructuring.

Mr Marcos said Mr Fernandez was "the almost unanimous choice to take over the helm of the central bank because of his stature and integrity among his colleagues in the banking community."

CRISIS WILL WORSEN, HOWE SAYS

Warning on peace force pull-out

BY LOUIS FARES IN DAMASCUS

THE WITHDRAWAL of the multinational force from Lebanon will worsen the crisis in the country Sir Geoffrey Howe, the British Foreign Secretary, said yesterday at the conclusion of his visit to Damascus.

After talking to Mr Abdul-Halim Khaddam, the Syrian Foreign Minister, Sir Geoffrey said that he had emphasised that the 110-strong British force in Beirut is only there to support the Lebanese Government. "The withdrawal of multinational forces from Lebanon will worsen the situation." Sir Geoffrey said.

The British Government supports the rapid reconvening of the Geneva conference for further talks between Lebanese leaders. The Foreign Secretary said that Britain recognised the importance of Syria's role in the area.

Sir Geoffrey said that he had disagreed with Mr Khaddam on that time was on the side of the Arabs in their conflict with Israel, but assured the Syrians that Britain believed in the "necessity of an Israeli pull-back from lands occupied since 1967."

Mr Donald Rumsfeld, the U.S. special envoy to the Middle East, was also expected to fly to the Syrian capital last night for talks with Syrian leaders.

Relations between the U.S. and Damascus have deeriorated rapidly over the last three months.

Renewed clashes in and around Beirut yesterday emphasised the fragility of the present ceasefire. A disengagement plan has failed and Mr Walid Jumblatt said yesterday that he would not agree to it until the curfew was lifted in Beirut and press censorship abolished.

The situation in Lebanon is to be discussed by foreign ministers from Islamic countries meeting in Morocco to prepare the way for an Islamic conference.

The ministers are also likely to discuss the readmission of Egypt to the Islamic Conference Organisation four years after it was suspended following the Camp David agreement between Egypt and Israel.

South African trade sought for Maputo

BY BERNARD SIMON IN JOHANNESBURG

MOZAMBIQUE has launched a campaign to attract a large slice of South Africa's foreign trade through the ailing port of Maputo. The move comes on the eve of talks between the two countries on a wide range of political and economic issues.

An official of CFM, the state-owned transport network, confirmed that the company's sales director visited South Africa recently to promote Maputo to local businessmen. The Mozambican Government has also invited South African traders and journalists to inspect port facilities at Maputo.

Official discussions between the two countries on security issues, economic links, tourism and the Cahora Bassa hydro-electric project begin in Maputo today. Transport will be among the key items to be discussed by the economic affairs committee.

South African traffic through Maputo has tailed off sharply in recent years as a result of inadequate materials handling equipment and a shortage of skilled labour at the port. According to South African Transport Services (Sats), the number of railway trucks moving across the South Africa-Mozambique border has dropped from 3,547 in December 1980 to 1,284 in December 1982 and only 735 last month. A Sats official said that the throughput for January 1984 will be between 400 and 600 trucks.

Chrome, manganese and ferro-alloy exporters are among those who have diverted shipments to Durban and other South African ports. Nissan, which used to be Maputo's largest user for inward traffic, moved its business to Durban in 1982. The company still uses Maputo for shipments of vehicle parts to Zimbabwe, but its shipping manager said that conditions in the port are "unbelievably bad."

By contrast, the South African Citrus Exchange expects to route between 7m and 7.5m cartons of export fruit through Maputo this year, almost a quarter of its total shipments and considerably higher than last season's throughput. The capacity of the Exchange's quayside warehouse was doubled during 1983.

Indonesia increases price of fuel oils

By Kieran Cooke in Jakarta

BIG PRICE increases for fuel oils have been announced by Indonesia's Ministry of Mines and Energy.

The increases, especially for the kerosene commonly used as cooking fuel, are almost certainly to prove unpopular, and the Ministry said yesterday that it regretted the move. But the Minister, Dr Subroto, said in a nationwide television broadcast that the Government had no option but to take such action if funds were to be raised to continue the momentum of the country's development.

The price of automotive and industrial diesel oils was nearly doubled to about 90 U.S. cents a gallon, while the price of kerosene will rise by around 50 per cent.

The price rises, though unpopular, were nevertheless expected to follow last week's introduction of a new austerity budget, which announced the Government's plans to reduce its subsidy on fuel oils.

It has also already announced that, as part of the Government's drive to curb public expenditure, that all food subsidies will be eliminated in the next financial year.

Algerians go to the polls

By Francis Ghilès

ALGERIA went to the polls yesterday to elect a new President. M. Chadli Bendjedid is the sole candidate of the ruling Front de Liberation Nationale Party and is seeking a second five-year term.

President Chadli is a popular leader and the election will consolidate his power. The policy changes he has initiated since succeeding Houari Boumedienne in 1979 seems to conform to the aspirations and hopes of most Algerians.

He has broken up major state monopolies and attempted to decentralise their activities, encouraged the private sector to play a greater role in industry and initiated bold reforms in agriculture.

Kuwait bombings provoke security moves against foreigners

BY KATHLEEN EVANS IN KUWAIT

KUWAIT is preparing itself for the trials later this month of the 21 people accused of involvement in the six bomb explosions which rocked the country last month. The attacks, directed at U.S., French and Kuwaiti Government institutions, left six people dead and 61 wounded.

The attacks are likely to cause a number of long-term changes in Kuwait, particularly for the country's 1m-strong foreign community. Kuwaiti politicians now describe the foreigners as a "burden on the budget and the internal security forces." Some 120,000 Iraqis and 80,000 Iranians live in Kuwait as well as 350,000 Palestinians.

The Government is clearly determined to end its "open door" policy on foreign workers which is being blamed for the lax security conditions. A committee of government departments headed by the Interior Ministry has been set up to assess the necessity for each foreign employee to local companies.

Gen Youssef Kharafi, under-secretary at the Interior Ministry, says that the aim is to cut the foreign population in half over the next five years or so. It will be difficult, but we have to do it for the country's security," he explained. There are also plans to cut the number of incoming new residents, presently about 40,000 annually.

The 21 people charged with the bombings include 17 Iraqi nationals, three Lebanese and one Kuwaiti army sergeant. All have confessed to the charges, and say they are members of the Al Daawa party, dedicated to the overthrow of the Iraqi regime and the establishment there of religious rule.

Among the three Lebanese is a relative of Mr Hussein Mousawi, the leader of the Islamic "Amal" forces in Baalbeck, North Lebanon. This group has frequently been mentioned in connection with attacks on U.S. and French forces in Lebanon and was subsequently the target of Israeli and French aerial bombardments. All the suspects held are Shi'ite Moslems.

Apart from one of the Lebanese who came to Kuwait only a few days before the explosions, all were permanent residents in the country, working in professional and academic positions, according to Gen Kharafi.

The Al Daawa party had been holding secret meetings for some time in Kuwait, but no connection had been traced to the two homegrown Islamic movements in the country, the Islamic Reform Society and the Islamic Cultural Society. The government has no plans to close down the two groups, Gen Kharafi said, though an old law forbiding meetings or over 20 people without prior permission has been resurrected.

He also confirmed reports that another Kuwaiti Shi'ite who had been working as a pharmacist in the Health Ministry had been charged with supplying Government medicines to Iran, though the case is unconnected to the bombing conspiracy.

The investigation into the bombings has also led to the deportation of 120 Iranian and Iraqi nationals, and several dozen more are under investigation, Gen Kharafi denied accusations of torture from the Al Dawaa party, and said the suspects were being held in normal prison conditions, and were not in solitary confinement.

Responsibility for the blasts was originally claimed by the shadowey Islamic Jihad group, which masterminded the suicide attack on the U.S. marines in Lebanon. The methods used in the Kuwaiti and Lebanese attacks were similar—both used domestic gas cylinders to boost the explosive power of the bombs.

The Al Daawa party was formed in 1958 by two sons of the late Imam Mohsin Hakim, once Iraq's most senior religious leader. One son, Mohammed Bakr As Sadr, was executed in 1980 by the Iraqi authorities, and the other, Mehdi Hakim, is currently president of the Council for the Iraqi Revolution, based in Tehran.

The party's radio station has been broadcasting a daily barrage of threats against Kuwait and carrying interviews with Iranians recently deported from Kuwait who maintain they were tortured during interrogation. The Al Daawa party has even handed over a formal, written threat to the Kuwaiti Embassy in Tehran.

Gen Kharafi says such threats will not deter the Government from putting the suspects on trial. But recent statements from the Kuwaiti Foreign and Interior Ministers indicate that the Government is taking the threats very seriously, and both have warned of the possibility of further attacks. The Al Daawa party says it will attack Kuwaiti interests at home and overseas if the prisoners are executed, tortured or handed over to the Iraqi Government.

It is doubtful whether or not the measures proposed will solve what is a group problem in the Arab world. Certainly, the Kuwaitis will take a hard look at their foreign community in the next few years. But business circles question whether the goal of cutting the foreign population in half will ever be achieved. "If you do that, then the economy will be cut in half. Foreigners account for a large part of the spending in this town," said one banker.

As other Gulf countries have found, sending residents home is very painful—and politically sensitive in the case of Arabs. "It's more an ambition than a target," commented a senior Kuwaiti official.

AMERICAN NEWS

Cautious reception for Kissinger recommendations

BY STEWART FLEMING IN WASHINGTON

THE CONCLUSIONS of the bi-partisan Kissinger Commission on Central America, which is recommending a $8bn U.S. aid programme in the region and stepped-up U.S. military support for El Salvador and Guatemala have received a cautious welcome in Congress.

The release of the report on Wednesday was followed by the news that a U.S. helicopter pilot had been shot by Nicaraguan troops barely 100 yards across the Nicaraguan border in Honduras after making a forced landing.

U.S. officials have not disputed the Nicaraguan claim that the helicopter strayed into Nicaraguan air space, but officials in Washington have limited their comments so far, saying only that the incident is under investigation.

The shooting of the pilot, who was involved in the joint U.S. / Honduras military manoeuvres, has been prominently reported in the U.S. press and television, emphasising tensions in the region and its significance to the U.S., the main focus of the Kissinger report.

But neither President Reagan nor Congressional leaders have wholeheartedly endorsed all the major recommendations, though the president acknowledges that the thrust of the report provides strong support for administration policy. Democratic Congressmen have been generally more questioning about the report's recommendations.

Tim Coone in Managua writes: The Nicaraguan Defence Ministry claims that the U.S. helicopter penetrated Nicaraguan air space and overflew a number of villages and Nicaraguan army positions. The helicopter was then fired on, causing it to make a forced leanding 200 metres inside Honduran territory.

An army spokesman said that over 24 helicopter flights had been noted in the past three days, many of them entering Nicaraguan air space, flying in support of a right wing guerrilla offensive in the Jalapa region of the northern department of Nuevo Segovia and he said that heavy fighting was continuing in the region.

He added that the incident was still being investigated, but questioned why an American helicopter should be flying inside a battle zone inside Nicaragua.

In a U.S. report on the incident, Colonel Robert O'Brien of the Pentagon said the helicopter was participating in the "Big Pine II" manoeuvres and was apparently on "a routine mission" between San Lorenzo, a port in south-west Honduras, and a place known as Aguacate in south-central Honduras.

However, Aguacate has been known for some time not only as a Honduran military air strip but also as a supply base for U.S.-backed guerrillas of the FDN (Nicaraguan Democratic Forces) fighting inside Nicaragua.

William Chislett, recently in Ayacucho, describes the growing threat from the guerrillas

Unkindly light on the path to Maoism in Peru

EVERY MORNING Peruvian Indian women sit patiently in lawyers' offices in Ayacucho waiting their turn to ask about the disappearance of members of their families.

More than 1,000 of Ayacucho's 540,000 people were killed last year and according to lawyers, a further 600 people have been registered as disappeared and are feared dead. Several hundred more people who have disappeared have not been registered, they say, because families fear reprisals.

The Panamanian army is fighting a guerrilla campaign against the Maoist Sendero Luminoso (Shining Path) group near Ayacucho, and guardsmen wearing sweat shirts with "anti-subversive" emblazoned across them patrol the main square.

Ayacucho is the capital of the poorest department of Peru, high in the south eastern Andes. The town, whose name literally means "Land of the Dead," has been living in a state of terror since the area was declared a military emergency zone at the end of 1982.

"The army is acting with impunity," says Dr Efrain Morote Best, the Dean of the Ayacucho College of Lawyers, whose son Osman is a leading member of Sendero Luminoso. No official investigation has been made so far into what has happened to the missing people although mutilated bodies are regularly found. Terse statements from the military, which ruled Peru from 1968 to 1980, appear in the Press recording the deaths of guerrillas and attributing massacres of peasants to rebels "disguised" as troops.

Sendero Luminoso, one of the most fanatical and secretive guerrilla groups in the world, also has a reputation for brutality. It has killed peasant "traitors" and closed down markets in the Andean highlands to try to cut off food suplies to towns.

Peru's fledgling democracy is under threat from this vicious spiral of violence which many informed observers fear could end in another military coup.

Sendero Luminoso announced itself dramatically in 1980, just before the return to civilian government, by hanging dogs from electricity poles in Lima. The animals wore placards which denounced Deng Xiaoping, the Chinese leader, as a "dog" for betraying the Cultural Revolution. Sendero Luminoso is orthodox Maoist and believes that the same semi-feudal conditions prevail in Peru now as in China in the 1930s. Like Mao, it hopes to mobilise the peasantry and assault the cities.

Life expectancy in Ayacucho is 45 years, compared with the national average of 58. The population consumes an average 420 calories a day, half the amount specified by the World Health Organisation as the minimum necessary to sustain a reasonable life.

Sendero Luminoso has nurtured itself in this poverty, which is getting worse because of the country's fierce recession. It has become a channel for the frustration and impotence felt by those who see no future for themselves.

The group was founded in 1970 by Sr Abimael Guzman, a philosophy professor at Ayacucho University who went underground in 1978. His disciples describe him as the "fourth sword of Marxism" after Marx, Lenin and Mao.

Sr Guzman, known as "Comrade Gonzalo," is held in awe by his followers because he is regarded as having restored to Marxism-Leninism the purity lost in the "revisionist" betrayals of Moscow and Peking. Sendero Luminoso's models are Stalinist Russia, the Chinese Cultural Revolution and the Pol Pot regime in Cambodia. The group takes its name from a statement made by the famous Peruvian Marxist Jose Carlos Mariategui who said that Marxism Leninism would open "the shining path to revolution."

Soldier and local breadseller share Ayacucho's main square.

Sendero Luminoso's potential was greatly underestimated when it first started its terrorist activities in 1980. At that time, Peru was celebrating the fall of the military dictatorship and the return to civilian democratic government under President Fernando Belaunde Terry, who had previously been overthrown in 1968.

There was a "visceral reaction," in the words of Sr Mario Vargas Llosa, Peru's best known novelist, against involving the army and using repressive methods to combat Sendero Luminoso. When Sr Belaunde Terry asked the army to put down a guerrilla movement drawn from Lima, the capital, and other towns in the 1960s, it did so with brutal efficiency, throwing Sr Belaunde Terry out of office at the same time.

The Government wanted to purge the armed forces of its more brutal officers but by the time the army was sent into Ayacucho this campaign had made little progress. Many people now criticise Sr Belaunde Terry for abdicating power to the armed forces and failing to curb their excesses. Instead of winning people's support the army has only alienated potential allies.

Sendero Luminoso despises all political parties. It is particularly contemptuous of the united Left, a fragile coalition of pro-Moscow and pro-Peking Communist parties, Trotskyists and some former guerrillas from the 1960s which it calls "parliamentary cretins."

The group has so far confined most of its activities to Ayacucho, but it is understood that its leaders agreed last November to open up other fronts. In its most daring attack yet, Sendero Luminoso left Lima and Huancayo, a large town, without electricity for several hours after it blew up power stations over the new year.

The authorities fear that the group has infiltrated the electricity company since the attacks could not have been carried out without precise inside information. This broadening of its activities can only be described as ominous in a country where the attitude of the military is so important

China, U.S. sign entente on industry, technology

By Our Washington Correspondent

CHINESE and U.S. officials yesterday signed bi-lateral agreements on industrial and technological co-operation as the Chinese prime minister, Zhao Ziyang paid a final visit to President Reagan in the White House before leaving Washington for the rest of his U.S. tour.

U.S. officials maintained that they were pleased with both the tone and the substance of the visit. It has helped set the stage for President Reagan's visit to China in April, seen by the President's advisers as a significant step in his expected re-election campaign, especially if no U.S.-Soviet summit takes place this year.

Although Mr Zhao's visit is generally thought to have been a success, the Chinese Prime Minister has missed no opportunity to underline the Chinese Government's continued opposition to U.S. relations with Taiwan. While voicing his hopes for closer Sino-U.S. relations, he has repeatedly made it clear that Taiwan continues to be a barrier towards an improvement.

It appeared yesterday as if U.S. hopes that the two countries would sign a third agreement to permit the U.S. to sell nuclear technology to China might not be realised. Officials said agreement was near, but could not confirm whether the remaining obstacles would be overcome.

Surinam faces crisis over bauxite strike

AMSTERDAM — Surinam's left-wing military government faces a major crisis over a strike in the vital bauxite industry aimed at forcing a return to democracy, reports from the former Dutch colony said yesterday.

Army leader Desi Bouterse, who has held power in the South American country since a coup in February 1980, has failed to break a strike in the Surinam Aluminium Company (Suralco) processing plant at Paranam, about 40km (25 miles) from the capital Paramaribo, despite occupying it with troops. Reuter.

U.S. seeks to stem offshore oil leases row with states

BY WILLIAM HALL IN NEW YORK

Interior Secretary, yesterday announced his first moves to resolve the increasingly bitter confrontation between various state governments and Washington over the U.S. Government's massive offshore leasing programme which he inherited from Mr James Watt, his controversial predecessor.

Mr Clark said that his department would concentrate on resolving conflicts with states "as early as possible" and attempt to lease those areas with the strongest industry interest. It appears likely that the new Interior Secretary is considering scrapping or deferring a number of the sales in the current programme which envisioned 1bn acres offshore being put up for lease. This compares with the 21m acres leased between 1954 and 1982.

The moves proposed by Mr Clark are expected to allow proposed lease sales which have generated especially strong state opposition to be dropped or at least scaled down in size.

Mr Clark's remarks, made during his first appearance in front of the Outer Continental Shelf Policy Committee since his appointment as Interior Secretary, come only a day after a Supreme Court decision which reduced the ability of individual states to block future lease sales.

The five-to-four ruling overturned a decision in the California Federal Appeals Court that blocked the leasing of 29 tracts in a 1981 lease sale. The key point at issue was at what stage a state government can raise its objections to the exploration for oil off its shores.

Under the earlier ruling, it appeared that states could object to the lease offering of exploration tracts by the Federal Government and force various tracts even before the oil companies were allowed to bid for them. The U.S. Government argued that state interference at such an early stage in the leasing process would "severely disrupt" its major offshore leasing programme.

The Supreme Court decision is the most definitive interpretation of the 1972 Coastal Zone Management Act which covers the obligations of the Government to ensure that its offshore leasing activities do not conflict unduly with the state's own offshore leasing programme in the three-mile belt immediately adjacent to its shores.

The law requires the Government to conduct an environmental review, known as a "consistency review" before undertaking any activity directly affecting the coastal zone. At issue is the stage in the leasing process when a "consistency review" should be undertaken.

U.S. predicts strong rise in capital spending levels

BY STEWART FLEMING IN WASHINGTON

THE U.S. Commerce Department is expecting a strong rise in capital spending by American industry this year, a forecast which will be welcomed as an indicator of continued strength for the economy.

The department's annual survey of business spending suggests that after a three-year slump, investment will rise by 9.4 per cent in real terms. Mr Ago Ambre, a department economist said that the strongest surge in capital spending since a 9.5 per cent increase in 1977 looked possible. Among the industries with the most extensive capital spending plans are the car and electrical machinery manufacturers, where a recovery is predicted in the heavy goods sector.

But officials point out that capital spending has been depressed since 1980, so the level of spending will still be less than in 1978.

Capital spending was stronger last year than many had expected in view of the continued high level of interest rates. But corporate profits have been rising strongly, and are expected to continue to do so. Businesses have been investing more heavily than in the past in high technology equipment, including computers.

WORLD TRADE NEWS

UK ministers optimistic over trade liberalisation

BY CHRISTIAN TYLER, TRADE EDITOR

BRITISH MINISTERS hope new impetus can be given to liberalisation of world trade before the leaders of the seven richest nations hold their annual economic summit in London this June.

This optimism is based partly on the supposition that countries will want to prove that their anti-protectionist declaration last year at Williamsburg was sincerely meant.

The best chance of progress is seen as an agreement to accelerate the seven-year programme of tariff cuts decided at the Tokyo Round of negotiations within the General Agreement on Tariffs and Trade (Gatt) in 1979.

It is argued that this would be relatively inexpensive but would be an important symbolic step. The EEC has agreed to bring the 1986 cuts forward to 1985 provided 2 per cent growth in the Community is realised this year and provided other members of the Organisation for Economic Co-operation and Development reciprocate.

Japan has proposed a similar step, but has so far excluded agricultural products. The U.S. Administration which finds both sets of conditions too strict, is now the less putting its own enabling Bill before the Congress.

British officials, alarmed by the protectionist mood of U.S. industry, are uncertain whether that legislation will be carried.

Although acceleration of the Tokyo Round cuts would be welcomed by Gatt, officials there pointed out yesterday that this could become an excuse for not addressing the serious non-tariff issues identified by the ministerial summit of Gatt in November, 1982.

For the same reason, reaction to a call by the U.S. and Japan for a fresh negotiating round has been unenthusiastic. Premature commitment to a new round could undermine the tasks that member-nations have already asked Gatt to report on at the end of this year.

The Americans and Japanese want Gatt to tackle obstacles to trade in services, an idea which has found very little favour among developing nations and many industrialised countries, Britain excepted.

Meanwhile, some IMF officials are said to be debating whether it would be possible to secure trade liberalising agreements between debtor nations and their creditors in the industrialised world.

A report from Washington yesterday suggests that debtor countries are not enthusiastic, and the IMF itself is wary of such a step.

The Fund has, however, been encouraged to work more closely with Gatt to keep trade flowing when financial rescue packages for indebted countries become unavoidable.

Brazil N-plant worries France

BY DAVID MARSH IN PARIS

FRANCE HAS become embroiled in a controversy over whether sophisticated equipment being sought abroad by Brazil for its wide-ranging nuclear power programme could be used eventually to help make nuclear weapons.

The Brazilian nuclear energy authority, Nuclebras, has asked Alsthom-Atlantique, the French state-controlled engineering group, to supply compressors needed to build a uranium enrichment plant being constructed with West German help at Resende near Rio de Janeiro.

But the French Government, which has tightened its non-proliferation policy on nuclear arms in recent years, has made clear that it will be studying the dossier carefully before deciding whether Alsthom can go ahead with the order.

Pointing out that the compressors were on the Government's list of equipment for which authorisation is required for shipment abroad, a Foreign Ministry official said time would be needed to "reflect" about whether approval would be given.

Brazil is trying to push for a speedy decision. Sr Cesar Cals,

> **Brazil . . . wishes to avoid reliance on outside sources in the areas of uranium enrichment and reprocessing spent nuclear fuels**

the Brazilian Mines and Energy Minister, has visited Paris recently to discuss both the enrichment project and possible French collaboration in a uranium mining venture using a procedure developed by the French group Pechiney.

However, doubts about the commercial justification of a uranium enrichment plant have been increased by sharp cuts Brazil has made in its overall N-power programme agreed with West Germany in 1975.

It is to build now only two power plants compared with the maximum of eight earlier under discussion — considerably reducing the amount of enriched uranium required.

Neither Brazil nor Argentina—which has also been forging ahead with plans for independence in the nuclear fuel cycle — has signed the Nuclear Non-Proliferation Treaty.

Both wish to avoid reliance on outside sources in the two key areas of uranium enrichment and reprocessing of spent nuclear fuel.

They say this is to lower the risk of foreign interference in their own N-power programmes and also to build up expertise in nuclear technologies.

However, both countries — long-standing political rivals — are deliberately leaving open the option of eventually making nuclear weapons.

Argentina, which in the past has not ruled out the possibility of a "peaceful" nuclear explosion similar to the one India carried out in 1974, announced in November that it had developed its own uranium enrichment technology.

Even though the 1975 German-Brazilian agreement was subject to safeguards, the deal raised considerable international opposition from the U.S. mainly because it involved transfer of reprocessing technology which gave Brazil a route to making plutonium.

The "jet nozzle" technology involved in the uranium enrichment plant being built under the deal is based on an experimental design.

UK NEWS

EEC allows Greece to continue quotas

By Andriana Ierodiaconou in Athens

THE EUROPEAN Commission has decided to allow Greece to continue to impose quotas over the next 10 months on the imports of cigarettes, bathroom fittings and furniture from EEC countries, the Greek Commerce Ministry announced yesterday.

The Commission allowed Greece to limit the imports of nine product categories from the EEC in 1983, acknowledging the need to protect weak sectors of the local manufacturing industry. This regime expired on January 1.

The Commission decision came in response to a Greek appeal to be allowed to continue to apply quotas in 1984, for cigarettes, bathroom fittings and furniture only. But the Commission is reported to have advised the Greek authorities that the new 10-month extension is to be the last.

The announcement of the decision came as a relief to importers of these three product categories. They have not been allowed to bring any goods into the country since January 1, when the Commerce Ministry arbitrarily froze import licences for cigarettes, bathroom fittings and furniture pending the Commission decision.

The licence freeze particularly affected cigarettes, a growing market in Greece, where shortages have been reported.

The import licence freeze continued yesterday despite the announcement of the Commission decision. The Athens Chamber of Commerce and Industry said Commerce Ministry instructions were to continue to withhold licences pending more details on precise import quota figures.

In Brussels, official said that the import quotas for the first 10 months of 1984 are set at the same or slightly more generous levels, relative to those for the first 11 months of last year.

Cigarette imports are set at 750 tonnes, the same figure for the first 11 months of 1983; iron tubs at 1,200 tonnes, the same figure for last year; taps, 2,300 tonnes, compared with 2,000 tonnes last year.

For bathroom tiles imports are set at 30,000 tonnes compared to 34,400 tonnes; sinks at 2,000 tonnes compared to 1,920 tonnes.

Oil licensing terms may force companies into deeper waters

BY IAN HARGREAVES AND DOMINIC LAWSON

OIL COMPANIES may be offered licences in the most desirable sections of the North Sea in the next round of offshore oil licensing only if they agree to take exploration acreage in the deep and largely unexplored waters to the west of the Shetland Islands.

This is one of several ideas being studied by the Department of Energy as it prepares to announce the opening date for bids in the ninth round of licences for offshore exploration.

The department hopes to announce the opening of the ninth licensing round in February or March. One of the main issues still to be settled is whether the ninth round will be run as an auction or by discretionary award.

Discretionary awards are favoured by the department and the UK Offshore Operators Association, but the Treasury is pressing for an auction.

In the eighth round of licensing last year, 15 out of a total of 70 licensed blocks were auctioned, raising £37m in cash. Since then, however, radical changes in the taxation of oilfields has quickened the oil companies' interest in the North Sea.

The department favours a discretionary system because it wants to use the ninth round to extend exploration activity into new areas to the west of the Shetland Islands and to continue its strategy of promoting the interests of smaller UK oil companies. Its main goal is to prevent a sudden decline in UK oil production in the late 1980s.

As an additional incentive for such exploration, the Government is considering increasing the size of deepwater blocks in order to improve the exploration economics, and extending the periods for which the blocks are licensed. Under previous rounds, production licenses covered periods of six or seven years.

£85m tax demand on Lotus

BY JOHN GRIFFITHS

GROUP LOTUS is appealing against tax assessments from the Inland Rvenue of £85m – more than its combined turnover for the past six years – and which apparently hold Lotus responsible for $17.65m in missing payments from the De Lorean venture.

Mr David Wickins, Lotus chairman, and other directors said last night they had no knowledge of any facts which might justify the assessment. Tax consultants have advised the company that the claims can not be substantiated and have asked the Revenue for clarification.

Mr Wickins, whose British Car Auctions company led a £8.7m rescue operation for Lotus also involving Toyota, last year, said it was clear to him the Inland Revenue was using an examination of Group Lotus as just one avenue to track down the fate of the missing $17.65m.

The money was placed a Swiss-based company, GPD Services, by De Lorean investors and the UK government-financed Belfast subsidiary to pay Lotus for developing the De Lorean car. None of it was ever received by Group Lotus, the De Lorean receiver, Sir Kenneth Cork, told a House of Commons Public Accounts Committee inquiry recently. Instead, "it went walkabout."

Group Lotus did receive £11m for the contract, but it was paid directly by the Belfast subsidiary.

"We all know that Group Lotus does not owe tax. The Revenue simply wants to try to see where the wretched De Lorean money went," Mr Wickins said.

Two tax inspectors have been at the company's Hethel, Norfolk, headquarters since the start of January examining papers.

News of the assessment immediately knocked 7p off Lotus shares yesterday, taking them to 66p. They recovered partly to close at 70.

Some of the missing money is alleged by lawyers acting for De Lorean's creditors in the U.S. to have been used by Mr John De Lorean to buy a snow equipment company in Utah.

Labour adopts fresh EEC stance

BY JOHN HUNT, PARLIAMENTARY STAFF

THE LABOUR PARTY yesterday began its campaign for the June elections to the European Parliament with its leadership making clear that it has shifted a long way from its previous demand for Britain's withdrawal from the EEC.

The party will contest the elections on the theme that Britain should stay in the EEC, for the time being at least, to improve the workings of the Community and to promote economic growth and jobs within it.

Mr Robin Cook, the party's spokesman on Europe, said: "Withdrawal remains one of the options available to Britain. Whether we will need to consider that option in the future will depend on how successful we are in securing reforms to the EEC.

"Labour is taking the election very seriously. It gives us a chance to recover some of the ground we lost in the general election."

Mr Neil Kinnock, the Labour leader, speaking yesterday to the Socialist group of the European Parliament in Paris, called for a common socialist approach to the European elections. The campaign, he said, should be used to put the case for investment and training and mobilising the economic wealth of the Community.

The Labour Party plans to spend £300,000 on its campaign. In the last European elections, in 1979, Labour won 17 of the 81 UK seats.

The Social Democratic Party (SDP) also opened its campaign yesterday. Mrs Shirley Williams, the SDP President, said the aim of the SDP/Liberal Alliance was "to strengthen the Community and to enlarge its potential role, as well as to introduce the necessary reforms to make it work better and more fairly."

Company status plan for Crown Agents

The Crown Agents, which procures goods and services for overseas governments, has put forward to the Government a proposal to convert the agency into a publicly-listed company as a way of retaining its identity.

Privatisation of the semi-government organisation would be the final stage in a re-organisation programme aimed at returning it to profit, Mr Peter Graham, chairman, said.

The Crown Agents, 150 years old last year, was plunged into a financial crisis then when the Sultan of Brunei removed his £3.5bn portfolio from the agency's management.

The agents have been pressing for a quick decision on their future to end the uncertainty which threatens to damage their business.

● MINEWORKERS' union leaders decided unanimously yesterday to continue their 11-week-old overtime ban despite growing rank-and-file opposition to it. Mr Arthur Scargill, the union's leader, said: "We are winning."

● A BILL which will exempt certain companies from income tax has been published by the Isle of Man government. To qualify, a company must be owned by local residents and have no source of income on the island. There is no exemption for holders of licences under the island's banking act.

● MERCANTILE CREDIT, a division of Barclays Bank, has completed a £96m equipment leasing deal with Roche Products, a subsidiary of Hoffmann-La Roche, the Swiss drugs group. The deal covers equipment for a Roche vitamin factory in Ayrshire, Scotland, the largest of its kind in the world.

● LIFE ASSURANCE companies in the UK enjoyed their best year yet for new business in 1983. Total new premiums advanced by 37 per cent from £3.93bn to £5.4bn. New sums assured – the benefits secured by the premiums – improved by nearly 20 per cent to £84.6bn.

● PLESSEY is to cut its workforce by 840 at two plants in the north of England. Production is being run down at plants in Wigan and South Shields in a reorganisation of manufacturing.

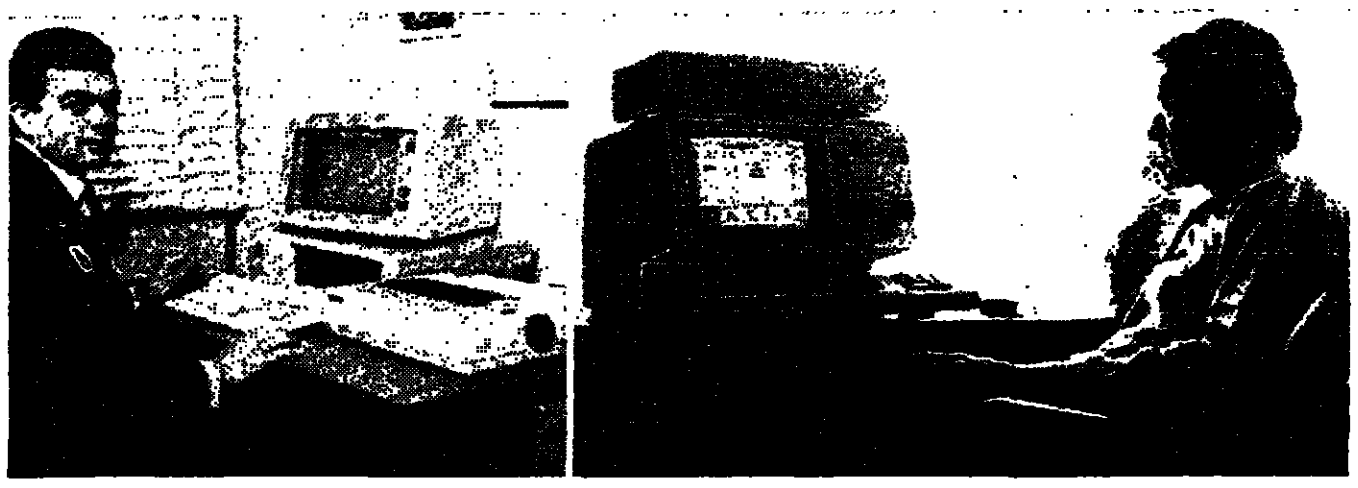
TECHNOLOGY

EDITED BY ALAN CANE

APPLE IS PREPARING A GRAND ASSAULT TO REGAIN LEADERSHIP IN PERSONAL COMPUTERS

'Son of Lisa' pleases the U.S. dealers

BY LOUISE KEHOE IN SAN MATEO



Personal rivalry: on the left, the IBM PC; on the right, Apple's Lisa showing the screen technology featured in Macintosh

APPLE COMPUTER plans to introduce a range of new computers later this month, including the long awaited "Macintosh" (see this page, December 22, 1983). It will be among a clutch of new personal computers to be announced on January 23rd.

It is now becoming clear, however, that Macintosh is just one part of a broad assault on the market as Apple strives to regain its leadership position.

In addition, Apple is expected to release new, lower priced versions of "Lisa," the high performance personal computer last February.

Together, the Lisas and Macintosh will make up a *family* of somewhat compatible machines spanning a price range of $2,495 to around $8,000.

Apple declined to furnish any details of its new product plans, or to comment upon their significance. The company has, however, already introduced the new machines to several thousand retailers, software writers and *industry* analysts.

Most are enthusiastic about Apple's plans. Dealers were reportedly pleased to hear that Apple will invest over $25m on TV and *magazine* advertisements to promote its new computers and offer retail dealers substantial profit margins and opportunities to sell add-on equipment to upgrade the machines.

As the lowest priced model in the new range, Macintosh will be a machine aimed at both home and office buyers. It will come with programs for word processing and a "draw" program that enables the user to make pictures on the screen. Independent software producers are expected to announce dozens of other programs for Macintosh, soon after its launch.

The vital statistics of Macintosh include a 68000 microprocessor, processing unit, 128K memory, expandable to 512K, two serial ports that allow the computer to communicate with printers, other peripherals and other personal computers, a "mouse" *cursor* control device, and one or two 3.5 inch disk drives.

The basic model is expected to have just one drive and the retail price in the U.S. will be $2,495.

Macintosh will not be able to run integrated (simultaneous operations) software programs designed for Lisa since it does not have enough internal memory. Some Lisa software is, however, expected to be modified to fit Macintosh.

Mac's internal operating system will feature "icons" on the screen—little pictures that represent functions such as save, write, delete, copy and so on.

Using the "mouse" cursor control, the user will be able to point to an icon and press a button to instruct the computer to perform a particular function.

Among computer enthusiasts, Macintosh has been well received. "I want one on my desk" was the reaction from one software company president who has had an opportunity to use Macintosh as well as a wide range of other personal computers. One of Macintosh's advantages is its small "footprint" he says. The Macintosh is said to be about 20 pounds in weight and to take up only the space needed for a sheet of A4 paper on the desk top.

"Macintosh seems to have captured the magic of the Apple IIE," suggested another computer dealer. If so the new machine could be a major revenue producer for Apple.

In the mass market for first-time buyers of personal computers, dealers are unsure where the Macintosh will fit. "For office users the IBM personal computer is still the best choice," advised a major northern California Apple dealer.

As a home computer, the Macintosh is, however, expensive. Commodore and other major home computer manufacturers are offering very powerful machines for less than $1,000. The IBM PC Jr, complete with disc drive, sells for $1,300. Apple is expected to advertise Macintosh as the "Computer *for the rest of us.*" The question will be how many of "the rest" are going to be willing to pay $2,495, plus the cost of peripherals to make a working system.

To extend its new computer family, Apple is repositioning Lisa, the machine which Apple introduced with a blaze of publicity last year and then failed to deliver for six months. Lisa has been a great disappointment to Apple, but its slow sales came as no surprise to dealers who said from the first that it was too expensive. Though Apple reduced Lisa's price to $8,000 last year and offered a version without the software that makes Lisa a special for a mere $6,950. Lisa sales have continued to be slow, according to industry analysts.

Now Apple will further reduce the price of Lisa by stripping it of memory and perhaps other features.

According to dealers, Apple will offer versions with half a megabyte of internal memory, a full megabyte of memory, or a full megabyte internal plus a "hard" disk system.

The lisas will be able to run modified Mac software, and are upgradable with extra memory and storage peripherals. Prices are expected to range from $3,495 to $5,495.

Providing upgrade paths for personal computer customers is the key to Apple's strategy. It is one that worked well on the Apple II, a machine that is popular among users and dealers. Although Apple does not offer upgrades, a mass of suppliers offer add-on equipment for the Apple II.

As a user becomes aquainted with a low-cost system he will invariably want to improve it with add-ons, providing more memory. The concept is also popular with dealers who see after-sales as a highly profitable part of their business.

BIOENGINEERING

Brunel plumbs the depths but keeps strict tempo

BY PETER MARSH

AN AID for blind musicians and an infrared link for keeping in touch with deep-sea divers are two of the innovations that have emerged from a new bioengineering institute at Brunel University.

The musical aid is based on a radio transmitter for a model aircraft. A conductor taps his foot to send a series of radio pulses to a musician sitting in the orchestra.

This person hears a series of beats with a listening device fitted to the ear. This enables him to keep in time with the rest of the musicians.

The institute is exploring possibilities for commercialising the device, which would sell for about £100.

In other work, researchers at the institute, headed by Professor Heinz Wolff, have designed hardware for relaying infrared signals between divers and people on the surface.

The equipment is designed to send data about the diver's physical condition to doctors who can thus continually monitor his health.

In this way medical staff could keep track of a person's heart rate or the signals sent out by brain waves.

The institute has already done work in this area for the Royal Navy.

Similar hardware can also help in the monitoring of premature babies. Researchers have tested the equipment in incubating units in hospitals.

With the system, it is no longer necessary to fit to the babies wires that carry monitoring signals. Wires clutter up the incubating unit and interfere with medical treatment.

The institute, which has a staff of 19, aims to do most of its work under contract to outside organisations and thus be independent of the university.

It will sell products through two trading companies, Romulus Technology and RB Aids for the Blind.

Electronics

Ribbon cable with twisted pairs

FLAT, RIBBON cable incorporating twisted pairs rather than straight conductors can be supplied by Barlec Richfield of Horsham, in widths from five to 32 pairs.

The construction consists of 18 in lengths of twisted pair conductors interspersed two inch lengths of the conventional flat variety. Suitable connectors can be deployed using the two inch sections.

Performance is better than that of the ordinary flat type claims the company. The direction of the twist is reversed in adjacent pairs to minimise crosstalk by mutual cancellation. A typical cable using 28 gauge conductors has a characteristic impedance of 105 ohms. More on 0403 51881.

GENETIC ENGINEERING SPURS FUTURE FOODS

Now—the minicarrot with 'snacking satisfaction'

BY DAVID FISHLOCK, SCIENCE EDITOR

Top of the tree at DNA Plant Technology: left, Dr David Evans, associate director of research, Mr Richard Laster, chief executive officer, centre, and right Dr William Sharp, scientific director

AMERICAN SCIENTISTS have been intriguing the City with their ideas for foods of the future, the products of genetic engineering.

One is a packet of miniature raw vegetables—carrots, celery, peppers, among them — designed in the laboratory for what they call "snacking satisfaction."

They claim to have created finger-length vegetables, not only the right size to nibble but with the qualities craved by the nibbler—"juiciness, crunchiness, sweetness." They have designed out undesirable traits such as stringiness in the celery, and put in a more consistent shapeliness for greater convenience in packaging.

The beauty of genetically engineered foods, says Dr William Sharp, scientific director of DNA Plant Technology Corporation, is that the time frame is three years or less for a new development to reach the market. New drugs may need a decade or longer. Dr Sharp's view is echoed by Dr John Walker, scientist-turned-banker with 3i Ventures, venture capital arm of Investors in Industry, who has backed two new start-up biotechnology ventures in Britain specialising in foods.

DNA Plant Technology (DNAP) began life in 1978 as a long-range research laboratory set up by Campbell Soup Company, as part of its central research activity. Dr Sharp, a former professor of microbiology, says he and his deputy, Dr David Evans, were seduced by Wall Street in 1981 into breaking away from Campbell to form *an entrepreneurial* bio-venture backed by a corps of eminent scientific advisers. Among them is Professor Edward Cocking of Nottingham University, one of Britain's most famous inventors of novel plants.

Surprisingly enough, Dr Sharp broke away with Campbell's blessing, taking most of his staff devoted to long-range research, extensive facilities near Philadelphia, and a big slice of start-up finance. In return, Campbell retained a close interest in a new tomato Sharp and Evans have invented—redder, rounder, but above all more solid than the traditional U.S. product.

More solid means a lot to the food processor. It means he is moving less water, less empty space. Mr Richard Laster, DNAP's chief executive officer, former president of the Maxwell House division of General Foods (another DNAP sponsor), says a tomato just 1 per cent more solid would save the soup-maker $77m a year.

DNAP sees itself working for the food processor rather than the farmer. One target is a "tomato vine" which can be harvested in greenhouses all the year round. Its high-solids tomato is being grown from "artificial seeds" made by tissue-culture in a bio-reactor.

The scientists foresee harvesting their artificial seeds *en masse* from the bio-reactor, then automatically planting out. So Koppers, the U.S. agricultural engineering group, has come in as another DNAP sponsor.

Advanced Genetic Sciences is another U.S. genetic engineering company with its sights set on food. Founded in 1979, it has already put down roots in California, Kansas and Belgium. Its sponsors include Hilleshög, a Swedish company, and world leader in plant breeding. Mr Dan Adams, founder and chairman, says AGS is working for the food industry but by happy accident finds itself "peripherally in the leisure industry."

This is how it happened. Like DNAP, AGS is trying to use the fast-developing new technologies of plant tissue culture and genetic engineering to impart new and more desirable characteristics to familiar species, such as better resistance to plant diseases, weed-killers, and frost.

Frost kills plants because water in the plant cells freezes and bursts the cell walls. A Californian researcher discovered that a key factor was the presence or absence of a certain microbe which nucleates the growth of ice crystals. Without it, water in plant cells can remain liquid far below its freezing point—"supercool"—without freezing.

AGS set out to turn this discovery into an agricultural tool. One way would be to use antibiotics to kill off the nucleating bacterium. More subtle, however, is its discovery of ways of altering the genetic make-up of the microbe so that it no longer starts water crystallising, and then simply letting it crowd out the natural species in a crop.

Dan Adams has already done field trials with the chemically-changed microbe and claims to have shown convincingly that it can protect against frost. His target is the £140m a year which the U.S. Department of Agriculture says it costs the Western World alone in crops lost to frost.

But when he tried to start field trials in California last autumn of his most promising invention, a genetically engineered microbe, he ran into a Washington action group which opposes genetic engineering. They said they were frightened about the consequences of releasing a man-made microbe.

Because of legal action, he missed his chance last autumn. But Adams is confident that, with the backing of the University of California and the U.S. scientific establishment, he will be able to mount more extensive and convincing trials this spring.

These trials are to include potatoes, strawberries, citrus, and tomatoes, each of which needs its own technique and own timing. The damage by recent bad weather to some of these crops will add impetus to the planned trials.

Meanwhile, the bio-entrepreneur was casting about for industries which had a vested interest in frost and snow and might pay AGS to use its skills to breed microbes that help water freeze. He believed he might guarantee them a more consistent product.

In this way, Adams discovered the leisure industry; specifically, those who sell snow-making machinery to ski-slope operators—"one of the most aggressive in looking for new products," he found. As word spread among them that he might have something to offer, many ski-slope operators have called him. "And not one has asked the cost," he says.

He hopes trials planned in Colorado this winter will demonstrate his claim that, by spraying his microbes mixed with water from their snow-making "guns," they will be able to sculpt their slopes and trails with greater precision and more control over the quality of the snow, and insure themselves *against* the vagaries of the weather.

THE PROPERTY MARKET
BY MICHAEL CASSELL

Victoria go-ahead for Greycoat

GREYCOAT LONDON, the Greycoat City Offices—Sir Robert McAlpine joint development company, has won outline planning consent for the 330,000 sq ft second phase of its Victoria Plaza office scheme at London's Victoria Station.

After initial objections to some elements of the scheme, the Greater London Council has this week passed the development proposals, enabling Westminster City Council to give its formal approval. The scheme also includes 11,500 sq ft of retailing space.

It is not yet known when a start will be made on the second phase. Funding has yet to be arranged and progress will, to some extent, depend on the success of phase one, which comprises 200,000 sq ft of office space and is due for completion in April. Norwich Union funded the first £45m phase, for which no tenants have yet been signed up.

April is also the date for completion of the Greycoat-Rosehaugh office scheme at Finsbury Avenue, close to Liverpool Strete Station. The developers will soon be starting an intensive marketing campaign for the 260,000 sq ft, consortium-funded scheme and it is understood that the initial asking rent will be £19 a sq ft, implying an annual rent of just under £5m for a single occupier. Jones Lang Wootton and Baker Harris Saunders will be joint letting agents.

Pension funds want more U.S. property

BRITAIN'S pension funds, which currently hold around £11bn worth of property investments, are poised to step up their commitment to overseas real estate markets.

While new investment in UK property has tailed off in the wake of the domestic market's weak performance, the funds' longer-term commitment to property appears to be firm and their enthusiasm for overseas assets—particularly in the United States—is growing stronger.

That, at least, appears to be the principal conclusion to be drawn from a survey of pension funds and commercial property carried out by Debenham Tewson & Chinnocks, the London-based chartered surveyors.

The survey estimates that, between them, the insurance companies and pension funds now own property worth over £29bn. Despite fluctuations in investment activity, they have until recently been spending over 40 per cent more on real estate—even allowing for inflation—than they were at the start of the 1970s.

But the funds' disenchantment with UK property markets, reflected in a substantial fall in net investment, does not extend abroad. Debenham Tewson asked 22 funds about future overseas commitments and not one indicated a decrease was likely. Nearly half wanted to spend more on overseas property, with the United States the most popular location and offices the most sought after option.

The agents asked funds with overseas property assets of £160m where their properties were located and the United States accounted for 69 per cent of their foreign portfolios. Next was West Germany, with 6 per cent and Holland and Belgium with just 2 per cent. Offices are by far and away the most popular choice, with shops in second place.

Back at home, the survey found that the average pension fund portfolio comprised around 51 per cent offices, 23 per cent shops and 19 per cent industrials. Nearly half want to reduce their holdings in the industrial market while 62 per cent are anxious to buy more retail property.

While London and the south remain the most attractive locations, the funds are clearly very disillusioned with both the west and east Midlands. Several fund managers say they intend to sell to reduce exposure in these areas.
to make a cautious return to the investment market during 1984, their interest seems certain to concentrate on prime properties in prime locations. The market in higher-yielding, secondary properties could also prove to be a busy one, though it might well be left for the more adventurous.

Prudential prunes London portfolio

PRUDENTIAL PENSIONS has sold 30-34 Moorgate, in the City of London, to Midland Bank Pension Trust for over £12m.

The sale forms part of the Pru's continuing rationalisation of its property investment portfolio and, coming only six years after the building's acquisition, is thought to have realised a substantial, short-term profit. The 23,000 sq ft building is let to Marine Midland Bank for a term expiring in 1991, with an option to determine in 1986, at a rent of £510,000 a year. Jones Lang Wootton advised Midland Bank and Weatherall Green and Smith advised the vendor.

The Prudential has also sold the long leasehold interest in 86-87 Wimpole Street and 26 Wigmore Street, a 4,750 sq ft corner building on six floors, to a major public company for about £1.5m. Braham Good acted for the Prudential.

● Phoenix Assurance and the Wates Foundation are to spend over £7m renovating 40 Basinghall Street, the City of London office tower occupied by IBM since it was built in the 1960s.

IBM has vacated most of the building and moved to the south bank and has agreed to surrender its overriding leasehold interest—running until 2000 with one review in 1986—and to lease back 25,000 sq ft on two floors.

Phoenix and Wates Foundation, a charitable trust, own 40 Basinghall Street and intend to create a multi-tenanted building specifically for banking use. Wates Developments are project managers.

Seventeen floors will be available and letting terms have already been agreed on three of them. Space will be available from September this year. Baker Harris Saunders advised on lease restructuring and are sole letting agents.

● Albany Life Assurance has paid £10.75m for seven shop and office properties and one cash and carry warehouse located in London and southern England. The purchase boosts the value of the Albany Property Fund to over £17m and all the properties were sold to it by Esso Pension Fund.

● Hunting Gate Developments, in association with Waitrose, has bought the 14.5 acre site in Bracknell's southern industrial area previously occupied by James Clark and Eaton. The group is to develop a 188,000 sq ft industrial scheme—to be funded by Equitable Life Assurance—on just over 9 acres of the site. The remainder will house a distribution centre for Waitrose.

Palumbo picks up final piece

PROPERTY developer Peter Palumbo has removed another obstacle to his longstanding plans for the redevelopment of the area around Mansion House, City of London, by acquiring the leasehold of 1, Queen Victoria Street, occupied by the Bank of New Zealand for over 100 years.

The building was the last within the proposed development area in which Mr Palumbo did not have an interest, although the freehold remains with the City of London, an opponent of the £80m-plus scheme.

The Bank, which had two years left on its lease, is moving to Gresham Street and has withdrawn its objection to the proposals.

Mr Palumbo has been assembling the site for 25 years and in 1969 the Mansion House Square plan was thwarted because planning permission was conditional upon the developer having sufficient control of the site to enable one phased, continuous development. That control, Mr Palumbo said this week, is now effective.

His plans include the creation of a new square in the centre of the City, an air-conditioned, underground shopping concourse and a 178,000 sq ft office tower.

The proposals were submitted again in December 1981 and rejected by the City of London. A planning inquiry into the plan will start on May 1 at the Guildhall and it is expected to run for about 12 weeks. Given the developer's success in assembling the site, the hearing is now much more likely to centre around the design quality of the controversial scheme.

Hampshire to get £100m business park

ARLINGTON SECURITIES' proposals for a £100m, 150-acre business park alongside the M27 motorway between Havant and Southampton were approved this week by Winchester City Council.

The Solent Business Park will be at junction 9 of the motorway and the site forms part of a 2,000-acre area of land designated by Hampshire County Council as a growth area for industry and housing.

In granting a rare type of consent, the council has agreed to any mix of offices and production space on the site, with the sole proviso that it must not be developed exclusively as warehousing. The site will accommodate up to 2m sq ft of floorspace.

The planning process for the scheme has been accelerated by about 18 months and although this week's approval does not amount to planning consent — both parties need to agree on infrastructure—Arlington is up and running on the mechanics of the funding and the development options available to it.

A development company, 50 per cent owned by Arlington, has been set up to oversee the project. The developer is joined by Philip Hill Investment Trust (40 per cent) and bankers Robert Fraser (10 per cent) and Arlington expects to attract major multi-national organisations to the Park. The partners will be marketing buildings of their own construction as well as packages of land.

Hampshire is working hard to promote its attractiveness as a suitable "high tech" location, with the motorway network improving to the point where it could eventually rival the M4 corridor. Industrial land used to be scarce but is now in ample supply.

John Vail of L. S. Vail, the agents, thinks the county can claim almost equal strength with the Thames Valley in electronics, boasting names like IBM, Marconi Plessey, Thorn EMI and Digital. "The county's industrial base has been transformed in recent years. Over 30 per cent of manufacturing activities are now concentrated in the electronics and electronic engineering sector. The trend is likely to continue."

● Another major business park has been given the go-ahead this week. The Secretary for the Environment has approved plans by the Carroll Group to develop the £45m Wickford Business and Community Park at Basildon in Essex. The 100-acre complex will have direct access to the A129 and will provide 1m sq ft of industrial and warehousing floorspace, housing and retail space.

WILLIAM COCHRANE

RETAIL PROPERTY FINANCIAL TIMES REPORT

Competition for the shopper's purse keeps retailers in search of innovation — with consequences for the property sector which WILLIAM COCHRANE discusses in this report.

Up-market moves to win customer's interest

UP-MARKET—but not too far—seems to be the way successful retailing is going. There are exceptions to the rule, with relatively new names like Superdrug and "Our Price" records still going for basic price economy; but elsewhere the trend to style and excitement have clear implications for retailing property, its planning, development, design and management.

The food in fashion is being sold fresh, or fast. A 17 per cent volume rise in food sales last year by Marks & Spencer attests to the first; approbation for Capital and Counties' new Ridings centre at Wakefield, and Gilbert Ash's Cameron Toll development two miles south of Edinburgh's city centre—both incorporating the fast food court innovation — signifies the latter trend, among others.

Fashion itself is less high than stylish with names like Now, Next and Surprise, Benetton and Top Shop finding new ways to excite customers' interest — and, incidentally, *making the landlords realise* that a search for the last penny of rental income might be self-defeating.

Retailing is a vibrant, restless business. Developers and funding institutions should have learnt a lesson from recent years as old formulas came unstuck, general in the case of uncovered centres, particular in the case of Woolworths. The right location, and adaptability within that, is still a good formula to remember.

From Tesco to Presto (Argyll Group) major food retailers seem determined to expand. In property terms, this has to be a two-way business. Last *August*, the Food and Drink Manufacturing Economic Development Committee forecast a decade of stagnant demand for their industry; there has been a 50 per cent centre reduction in single food retailers since 1965; so the expansionists may have to feed off themselves.

Mike Biddle of agents Goddard and Smith sees more takeovers along Linfood/Key Markets, or Argyll/Allied Suppliers lines. A second avenue, via new sites, is especially difficult in the favoured South East, he says, what with London's Green Belt and the relatively high value of alternative uses for the land. "Demand for the right site will always outstrip supply," he maintains.

> **ON INVESTMENT**
> '. . . the demand for conventional shop investment is likely to continue to outstrip the supply of multi-tenanted stock . . .'
> Clive Lewis & Partners

His third option is the extension, or refurbishment of existing stores. Tesco has done a few, and is getting a name for much improved style, image and equipment—not to mention the foodstuffs themselves. Sir Jack Cohen's "pile it high, sell it cheap" catchline seems to have gone out of date, and quite quickly.

An International Stores outlet in the town centre of Weymouth, Dorset—25,000 sq ft with a 250-space multi storey car park, opened in June 1978—reopened after a major refurbishment in July of this year.

David Gransby, development director of Asda, picks out two major trends—a substantial shift in dietary habits and, looking ahead, the "concept of the *defensible site.*" *He gives Marks* & Spencer due credit for foresight on the shift to fresh foods. On the other, advancing Asda's own store at High Wycombe as an example, he says: "The retailer who picks the prime locational pitch in any one catchment area is the one who is going to go to the *front.*"

"In non-food merchandise . . . of total spending . . . the top 19 per cent of households account for almost 40 per cent," says Edward Whitefield, chief executive of Management Horizons, whose in-depth consultancy services have made a sizeable impact in this business. In fashion as in food, there has been a move up market and shopping centre developers like to talk of "quality fashion representation," as Bredero did in December when Benetton took the last unit in the first phase of "The Maltings," at St Albans.

Location counts. The resound*ing success of Hammerson's* Brent Cross development in north west London attests to that, and more than one property professional is tracing the M25 route with the hope of putting another cross — up to three, according to one suggestion — somewhere along the periphery.

Environmental design also matters a lot, with names like Fitch and Conran prominent. Some developers, like Bredero in Epsom, are encouraging tenants to break the straight lines of shopping malls with fronts which either stand out or sit back from the rest, the particular space where this *happens being a "neutral," or* rent-free zone.

Edward Whitefield, however, thinks that his concept of priority store investment development, applied with effect to the revitalised Burton group, is a very big contribution.

"It's so simple an idea that you wouldn't believe how many retailers don't do it," he says. Basically, he says, it costs the same to refurbish a store in Edinburgh as it does in Yeovil, but what it does to sales and *profits is very different.* It would be interesting to see the results if these sums were applied to the growing list of shop centre refurbishments around the UK.

With consumer durables we are back to the in-town/out-of-town argument. Alan Jones, an analyst with stockbrokers Phillips and Drew, sees furniture, carpets, do-it-yourself and a lot of electricals exiting from the centre. Meanwhile, Currys compromises with in-town shopping under its own name, and a move out via its Bridgers chain, while Dixons still seems totally committed to the urban ideal.

Dixons is clearly very busy. It added 96 new stores in the five years to 1982-83, making a total of 270, and plans an additional 124 branches by 1988. Some say its stores are too small —there are examples of customers buying in the shop, and being served from containers out back—but there are clearly *certain products in the high-*margin, comparison shopping category which will continue to do well from the centres.

However, there is less ego, and lower margins involved in the bulkier, more standard electric durables, d.i.y. and the "flat-pack" furniture in which MFI is also expanding fast.

MFI plans to take its trading space up from about 3m sq ft to 4m sq ft by the end of May 1985, and to *increase* the number of its stores from 120 to 160 in the medium-term. Last December it was negotiating on about 40 sites, involving some relocation of existing outlets.

There are some eyesores in the retail warehouse business but the MFI version, apparently, matches a product which has improved in quality over the years. The company is looking for sites on prominent feeder roads within a mile or so of town centres and capable of providing around *40,000 sq ft of selling space* and plenty of car parking.

So it all comes back to location and it happens that the London region, where the MFI group already has about 20 *stores, is a prime target.*

Convenient locations are, of course, what the shopper wants. Saving time in the 1980s could be as important as saving money was in the 1970s and there are those who believe that the traditional corner shop could be due for a renaissance —beefed up by long opening hours and a large range of convenience products.

The shopping public is not *fickle. But it seems to know* that it can get what it wants, where and when it wants it, in an increasingly competitive shopping environment.

Peterborough, Britain's only new town to develop an existing city centre, won the coveted International Council of Shopping Centres 1983 European award in Monte Carlo last spring, sharing the award with the new Salesas centre at Oviedo in Spain

Design scores at Epsom centre

Development

SHOPPING CENTRE development in the 1980s is like a marathon obstacle course. The obstacles include the lack of town centre sites, the arbiters of public opinion, top retailers who want their priorities met and a knowledgeable, and quite intolerant shopping public.

Bredero, the Dutch construction, manufacturing and property group, faced massive competition for its new £37m Ashley Centre in Epsom, Surrey. Over 40 developers entered initial tenders for the site. Of these, ten were interviewed and in the autumn of 1977 four—also including John Laing, Taylor Woodrow and the Post Office Pension Fund—were asked to submit detailed planning proposals.

Allan Chisholm, Bredero's UK managing director, says that the contenders' financial offers were essentially *similar,* so *his* company was eventually chosen on design. "In the UK," he says, "we saw a shortage of quality in many developments—in shopping centres, residential and office property—so we had decided to concentrate on quality."

The spokesmen for public opinion, the next hurdle to clear, were "subdued," he says by the general public's *approval of the plans. The size* of the scheme and its position in an historic town could have made for political problems; but after the Epsom and Ewell borough council decided in favour of Bredero, the scheme went on public exhibition for 10 days or so and the local people, apparently, liked it.

Humphrey Wood of the Renton Howard Wood Partnership, architects to the Ashley Centre, saw advantages in understatement. The only evidence of the Centre's existence from the road is a gatehouse entrance. The multi-storey (800 space) car park, service areas and levels and a *new head office for Petrofina* UK are concealed from view and approached via a new road which sweeps behind the High Street at its western end.

Mr Wood had to bring the conservationists and one anchor tenant, Marks & Spencer, together. M & S wanted in, but it also required High Street frontage; that meant it had to accept a listed High Street building, leaving the conservationists to approve an extension sideways, backwards and (still unobtrusively) upwards.

M & S signed in 1981 for 45,000 sq ft, trading on the *ground floor with storage and* other facilities on the upper. By the *spring of* 1982 it wanted two floors for trading and another for auxiliary space. Bredero spoke to the council, asked for this to be rushed through *planning, said M & S* could have its store four months late, and eventually cut the delay to half of that.

> **ON DEVELOPMENT**
> 'There are more retailing companies investing in development programmes now than at any time in my career.'
> Rodney Fitch, Fitch & Co

Mr Chisholm, however, reminds us that anchor tenants do not exactly butter the financial parsnips: "They are just there to attract the shoppers," he says, "and the going rate for them is about £5 a foot. The 59,000 sq ft office building helped bring in the funds from Friends Provident, and to cover the car park—"very expensive, return on capital . . . well . . . 1 per cent."

So the real money comes in from the standard units and, here, Bredero went for slightly wider frontages than usual—nearer the 23 ft than the 18 ft end of the bracket. "This tended to cut down the rent but we think we were right," says Mr Chishodm. "Retailers now demand what will suit them."

With Friends Provident and the council, Bredero is in the Ashley Centre for a *share* of the net income. But it is not there for ever. "We see our business as development," says Mr Chisholm. "When the centre is fully established—say within three to 10 years—we could take our profit and invest in another development."

RETAIL PROPERTY - 2

The burden of proof is shifting to local councils

Superstores lock horns with authorities

Planning

RETAIL property planning is a business of extreme contrasts. In Glasgow, for a while, the planners had accepted a major city centre scheme with no funding and rejected another with private financing secured.

Around the country, food retailers are fighting to take their superstores out of town, where they are economically viable. In Milton Keynes, 1.1m sq ft gross goes up in what looks like the middle of nowhere—and this may be *only* the foretaste of what is to come.

Glasgow's city centre conundrum had a happy ending, for some, last November when Strathclyde Regional Council granted outline permission to Société des Centres Commerciaux, Standard Life and City of London European Property for a development comprising nearly 360,000 sq ft of retail floorspace as well as civic halls, a conference centre, hotel and associated basement parking.

A previous application, which included 450,000 sq ft of shopping but no conference centre, was refused, largely on the grounds of its potential impact on shopping in the city centre and elsewhere. Meanwhile an application for 264,000 sq ft at St Enoch, immediately south of the Argyle Street main shopping pitch, had been passed.

Alan Martin, a senior partner of Montagu Evans, advisers to the Buchanan Street consortium, argued forcibly that the planners' standard approach needed careful adjustment, if it were to be applied to town centres.

A penchant for impact analysis—determining whether a new development, along with what already exists, would provide a surplus of shopping—had started with the assessment of what out or edge of town centres like Brent Cross, or the Asdas and SavaCentres, would do to town centre shopping.

However, the planners had begun to apply those principles to new town centre developments, in Glasgow and one or two other places. "I argued that it should be considered whether the *quality* of existing shopping was appropriate," says Mr Martin, "allowing for modern retailing techniques, bigger units and so on." The implications—revitalisation, regeneration—may have had something to do with the consortium's eventual success.

Impact has been the key word in a ten-year war between superstore operators and the planners who oppose them. Out or edge-of-town retail centres, according to Michael J. Breheny of Reading University in a report* from the Unit for Retail Planning Information, pose an apparent threat "to established retail centres, the existing retail hierarchy and to structure plans which protect them."

ON GENERALISATION

'Food stores are not moving exclusively out of town . . . think of Presto at Bexleyheath or Waitrose at Epsom. And the "death" of the department store is a slight exaggeration of the trend; where department stores are closing down they are usually in a bad location, or a difficult shape or size.'

Harold Couch, Hillier Parker

The supermarketeers seem to be winning the argument. "Hypermarket and superstore appeal decisions generally appear to have been going in favour of the appellants," says Mr Breheny. "The burden of proof is shifting to the local authorities. It is thus seems likely that areas without hypermarkets or superstores will get them before long."

Of course, not all superstore cases come to appeal. Independent consultant Harvey Cole pointed out, in the same report: "It is, of course, sometimes argued that the planning system shrewdly weeds out those proposals which would have had an excessive effect, and so it should be no surprise that those which have been permitted have not caused any holocausts on the high streets."

Sometimes, hinted Mr Cole, that battle seems more important than the objective.

"It is perhaps not unduly cynical to point out that any precise appraisal of the expected turnover and impact of a superstore tends to be undertaken only after a scheme has been refused planning permission. Once this has occurred then, as a kind of conditional reflex, a flurry of activity starts."

"Isochromes (driving time bands), are established, populations within them calculated, spending power assessed, potential sales of the new store estimated and the withdrawal of trade from other existing stores projected.

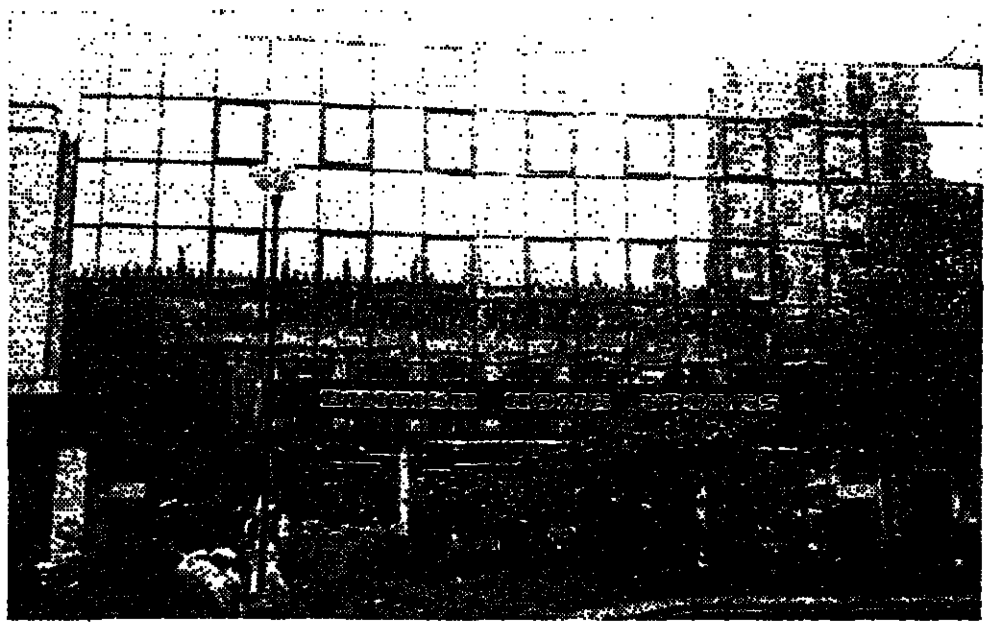
"Earnest correspondence and discussion between consultants and local authorities—often themselves retaining consultants — ensues, with often minimal differences highlighted, dissent over decimal points and prolonged soul-searching as to the acceptability of alternative methods."

Steve Wehrle, commercial manager of Milton Keynes Development Corporation, is neither conventional nor cautious. His view is that planners are there to take decisions, not avoid them.

"We were told we had a white elephant on our hands when we were planning our shopping centre (1.1m sq ft gross)," he says. Now, Milton Keynes has a population of 112,000 rising at 500 a month, coaches turning up at the centre from Brighton, Clacton and further afield and the shopping could actually expand.

Paul Orchard-Lisle of Healey and Baker, letting agents for the centre, sees the existing 1.1m sq ft gross as a first phase. "We could go more specialist," he says. Mr Wehrle agrees: "Off that nucleus (!) we could build other things."

* *Superstore Appeals—Alternative Impact Assessment Methods, edited by Bryan Wade, published by the Unit for Retail Planning Information, 26 Queen Victoria Street, Reading RG1 1TG.*



Striking effect produced by Wakefield cathedral mirrored in the reflecting glass front of British Home Stores' *The Ridings* in the city centre

More comfort for shoppers

Design

WHERE PLANNING stops and design begins is a moot point but, if making shopping enjoyable is the object of the exercise, then the whole process starts a long time before exciting shop fronts and colour schemes come into the equation.

With Capital and Counties' immensely successful Eldon Square development in Newcastle (780,000 sq ft on ten acres, completed in 1976), planning and design evolved through some 32 schemes from 1968 to 1972.

The architects, Chapman Taylor Partners, had to tie in new shopping malls with pedestrianisation, a new metro station, central area car parking and motorway strategy.

Today the Eldon Square concept is more than half a generation old, and centre manager Gordon Allanson can see ways in which it might have been improved. "The malls and the internal bridge link could have been wider," he says, "and we could have had more natural light."

Other authorities might question, these days, whether a six-metre planning grid is the optimum for single-unit shopping, or whether malls should run for as long as a third of a mile, but this is retrospective.

It is interesting, therefore, to look at some of the design features of a new Capital and Counties development, The Ridings at Wakefield in Yorkshire.

To start with, for 250,000 sq ft of retail space the same architects were able to provide 1,100 car parking spaces on site with a further 3,000, claims C & C, within easy walking distance. Eldon Square's planned parking was 1,250 spaces, it is municipally controlled, and very expensive to the customer.

Perhaps the most remarkable feature of Eldon Square, in terms of content, is a recreation centre, taking in two multi-purpose sports halls, an indoor bowling green, squash courts, fencing, judo, sauna, a restaurant and bars.

The innovation at The Ridings is a fast food area, popular in North America but new to British shop centre catering. Instead of having just one concessionaire there is a cluster of 10 individual and different operators providing a wide range of foods.

The food counters are grouped around a large landscaped indoor patio at the base of the centre's main atrium feature, a glass lift to the other shopping levels. The area, with seating for over 300 people, was designed by Fitch and Co around an Edwardian garden theme with a waterfall, small tables and umbrellas, lamps and trees. There is also a bandstand where live music can be performed.

The sheer extent of the choice available, linking with the communal seating, should be a godsend for parents. There are some children who do not like hamburgers, or fish fingers, or chips. Young children are specially catered for in another way by the provision of fully-equipped nappy changing facilities and a specially-built, professionally-run play centre for children aged between 2½ and five years.

The Ridings centre manager, David Peers (who, like Gordon Allanson in Newcastle, was project manager of the development originally) notes that the promoters have to be careful about the sort of music they provide. "Almost by accident we had a pop group one day," he says, "and they virtually brought the traffic to a halt."

Dissenting voices in Europe

Mixed use

Mr Roger Lucas, chairman of the British Council of Shopping Centres

"WE BUILD shopping centres out of the concrete of the mind —we don't want change," said guest speaker Alfred Eisenpreis, vice-president of the Newspaper Advertising Bureau, New York, in a sometimes lyrical, sometimes hilarious address to lunching ICSC delegates in Monte Carlo last year.

But change there would be, he insisted, throwing in a sales forecast of 7.9m home computers for the U.S. market in 1985 compared with 400,000 in 1981.

So it was, perhaps, in the nature of things that Rocke Ransen, chairman of Mondev International of Montreal, met fierce resistance to his championship of mixed-use projects.

"The pace of retailing declined throughout the 1970s in North America," he said, "but we are now realising the energies and synergies of mixed use." He described MUPs as functionally physically integrated with uninterupted pedestrian access—"a complex of conveniences no longer separated by snarled-up traffic or nasty weather."

There were now 164 MUPs in the U.S. and 18 in Canada, he said, with two-thirds including hotels and restaurants and residential elements in just over 40 per cent. He saw "vast new retailing opportunities" in the genre.

Later, in talking about greenery being channelled back into urban areas to relieve the monotony of urban development, Ron Gammie of Donaldsons coloured his contribution from the floor by interjecting "grave doubts" about multi-use in Europe. Conference chairman, Peter Martin of Grosvenor Estate Commercial Developments, promptly, and "violently" disagreed with Mr Gammie.

Roger Lucas of Richard Ellis, later elected chairman of the new British Council of Shopping Centres, swung in for the dissidents. "Multi-use is not a universal panacea," he said. Price-sensitive lines could be sold in buildings which were cheap, flexible, very quick to build and capable of being scrapped. Quality lines could, perhaps, be housed in historic buildings.

Multi-use development, said Lucas, was very difficult, time consuming with "very, very" long lead times, complex buildings and services. "The more complex they are," he said, "the longer they take to develop, the more expensive they become and the more difficult to change."

Mechanical plant in new buildings, could be expected to become obsolete or wear out in 25 years, the electronics in less. "But megastructures can last 100 years," he said, ominously.

Perhaps sensing Lucas's switch from "projects" to "developments" with an indicated acronym of MUD, Roy P. Drachman, co-owner of the Roy Drachman Realty Company of Tucson, Arizona, tried for balance: "There is mixed use in many places . . . the jury is still out."

But Mr Martin was not to be forsworn. "Institutional investors don't like mixed use," he grumbled. "That's why Europeans are against the concept." The dialogue, one senses, may have further to go.

RETAIL PROPERTY - 3

Expert control holds the key to success

Centre management

"A MANAGER is someone who bridges the gap between the skilled and the unskilled . . . that bridge is applied common sense." Stephen Horsley is an ex-warrant officer in the Greenjackets and now external services manager for Hammerson's Brent Cross shopping centre in North West London. He has moved battalions around the world in his time; agents Donaldson and Sons, his direct employers, seem to have a predilection for men like this.

In the case of Brent Cross, straining at the seams as a result of its own success, the formula has its advantages. One Monday early in December the centre had its 5,500 car parking spaces chockful for the first time in eight years with, as Mr Horsley puts it, "between 300 and 500 more cars swarming around looking for space."

Mr Horsley and his boss, centre director Mike Brown (an ex-colonel in the Signals Regiment) have this and other short-term problems to cope with while planning ahead as much as 10 years at a stretch.

In the short term, they do *not want to keep their customers* too long on a given day—a contrast, this, with Capital and Counties at Wakefield where visitors to the Ridings centre could be accommodated for breakfast, shopping and maybe lunch as well, with its fast food court a major attraction.

Looking further ahead, Brent Cross is planning to build two more car parks with 2,000 extra spaces between them. Shops there are planning more space—"every large unit has air space above to extend if they wish," says Mr Horsley.

Next year, the Brent Cross management is planning to relay the floor of its bus station: "It's been used so much that the concrete is cracking," he says.

In his book, Shopping Centre Management, Peter Martin of Grosvenor Estate Commercial Developments suggests what might happen in the absence of effective control:

ON PROPHETS

'They told us that this was going to be a white elephant!'

Stephen Horsley, Brent Cross

"Even well-run centres occasionally lose tenants but a poorly-run one will see an increasing number of assignments to second-rate traders because the premises are too small or too large, too cheap (in all senses of the word) or too dear (for the trade being done) and so on."

"Similarly," he adds, "let us *wait until a notice is received* from the building inspector about broken pavings or irate letters from tenants regarding unkempt malls. Local press reports will steadily worsen, mentioning not only litter but the undesirables who frequent the centre, and there will be increasingly strident calls from local political figures that something is done."

Mr Martin had already pointed out in his preface that in the mid-1980s, for the first time in the short history of shopping centres, a substantial number of retailer tenants will be able to vacate their premises. "The American spectre of empty centres overtaken by physical decay, economic obsolescence or straightforward competition could become a reality," he said.

His criteria for effective management are reproduced in the accompanying panel. The duties, however, are not as simple as they might sound.

Looking after the owner becomes more difficult where ownership is split, as it frequently is, between the local authority as freeholder, a funding institution and the developer. Public relations might involve settling an unfair insurance claim in one centre and performing like a show-business impresario in another.

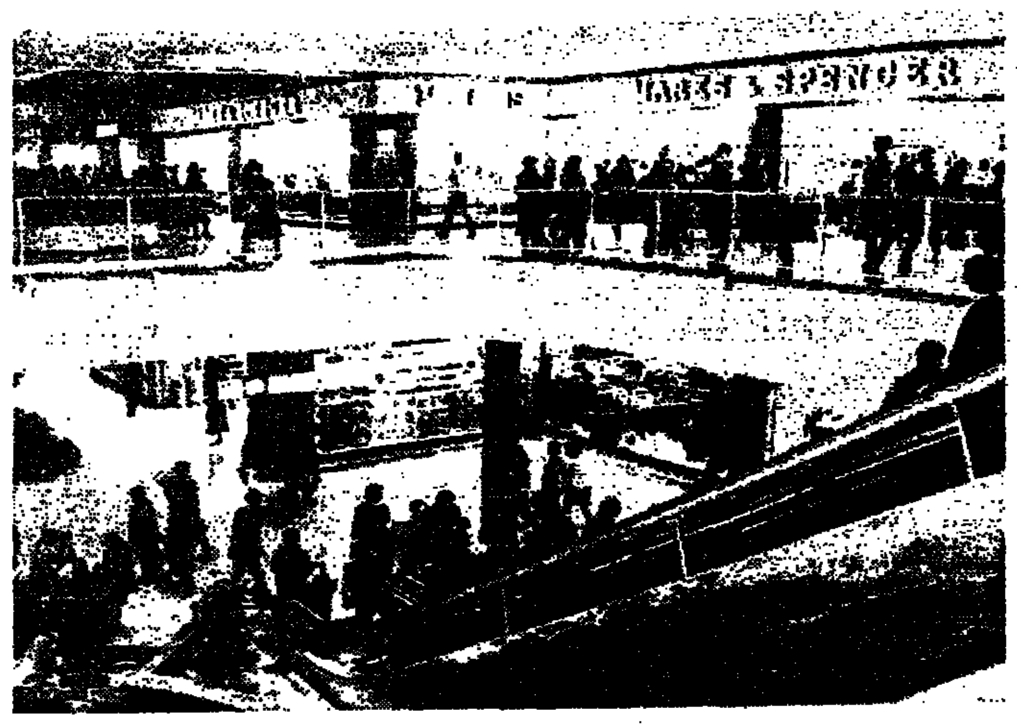
Tenants have to be mixed differently for different centres. Independent retailers have shortcomings in terms of covenants, but advantages in their individuality. Security is not a force in dark uniforms but "a state of benevolent vigilance at all times towards the tenants, staff and contractors by way of well thought out and constantly reassessed routines and resources."

The most effective managers, according to Mr Martin, tend to be those who delegate (not abdicate) the administrative functions first and the human relations functions last.

"Any manager who has even passing acquaintance with superior landlords and tenants," he says, "will know that there is much more unsaid than said; the manager has to discharge his normal day-to-day duties while this extra challenge is being met, tenants will hold out for the best renewal terms they can obtain, with disruptive effect on programme and the managers' nerves alike.

"Overt promotion is more easily described than executed," he observes, "and the finalisation of legal agreements can be a career in itself."

However, Mr Martin concludes that the game is worth the candle. "Provided the main objectives are clear, agreed by the parties, stated and restated *as many times as necessary*, success will be as certain as anything can be in the changing world of property and of shopping centres in particular."



Above: Ashley Centre, Epsom—design incorporates a listed High St. frontage. Right: Brent Cross—a booming out-of-town centre.

Duties of shopping centre management

(a) Discharging all the obligations, legal and contractual, incurred by the owner when developing or purchasing, leasing and financing a centre;
(b) Public relations, including ascertaining the extent and nature of a centre's catchment, and creating therein a favourable awareness of the centre;
(c) Tenant relations, as governed by the lease and as required for satisfactory trading;
(d) Administration, with particular reference to:
(i) Accounting, the detailed method depending on the owner but the requirements of the lease having to be satisfied;
(ii) Staffing, in particular whether to recruit personnel or retain experts or independent contractors:
(iii) Maintenance of the building and its equipment;
(iv) Security of the centre, its patrons, tenants and staff;
(e) Insurance of the centre, its patrons, tenants and staff;
(f) Major alterations, refurbishments and the like which, to an extent, involve all the other aspects.

In addition, management will need to establish a set of priorities . . . and be fully aware of the physical context of any particular centre . . .
*** Extract from Peter G. Martin's book, Shopping Centre Management, published in London and New York by E. & F.N. Spon.**

Merits meet with growing favour

Refurbishment

THIS YEAR'S European Conference of the International Council of Shopping Centres—to be held in Berlin on March 30-April 3, and to be chaired by Mr Leonard Jarrad, senior partner of Hillier Parker May and Rowden, London—will focus on retail refurbishment.

The theme virtually exploded on to the scene at last year's ICSC conference at Monte Carlo. The first major renovation of the UK of an early *central area shopping scheme*—the 213,000 sq ft St George's centre in Preston—was not completed until 1982.

The Preston centre was upgraded and enclosed at a cost of £5m which, in terms of cost per square foot, was about half as expensive as the widely-quoted norm for office refurbishment. Ron Gammie, of Donaldson and Sons, noted: "It is anticipated that developers will at last recognise the advantage of improving a dated but nevertheless well-located centre."

Since Monte Carlo, it seems that everybody is getting into the act. However, Hillier Parker had already produced an audio visual guide to shopping centre refurbishment looking into financial criteria, associated market research, legal and other considerations.

The Berlin conference should really get into the nuts and bolts of the refurb process, from *funding* to one of the major practical and political problems facing the property industry today. As the draft programme notes: "*how do you* marry design quality to financial return?"

This year's approach could be timely. International designers Fitch & Co were early into the game, but Mike Howard of Fitch emphasises that, last year, the company barely scratched the surface. "In 1983," he says, "our work was very cosmetic."

He gives the example of the new graphic corporate identity which Fitch gave to Wimpey's Times Square development at Sutton. "We put in things like new directional signing, and interesting art work," he says, "making the place look more *lively*; but it was all two-dimensional."

This year Fitch is going three-dimensional with three new projects, one in Scotland, one in the North of England and one west of London. "We aim completely to revitalise them," says Mr Howard. "They are all large city centre schemes, conceived about 20 years ago and all suffering from newer developments elsewhere. "We cannot just give a graphic answer to that."

Nor is it just a matter of putting a roof on. Fitch thinks of focal points. "In the past," says Mr Howard, "people put in water fountains. We think a food court or an indoor market is needed to draw the customers in." The firm is also talking about specialisation within multi-level centres, maybe be fashion on one level and department stores on another.

Building societies and banks might be eased out of prime positions into secondary space. Fitch acknowledges that this would have to happen over a period of years, probably with rent reviews as a trigger. Car parks are another sore point but Fitch thinks that ways will have to be found of getting more cars in and improving communications generally.

"In Durban (South Africa) last year," says Mr Howard, "we moved storage facilities and a small petrol station to create more car park space; we also built another car park level."

There are some questions which will take years, even decades, to answer. What is the optimum investment value of a shopping refurbishment, for example? Experience in the office market shows that good refurbishments can command higher rents than new build, where planning restricts new development in prime areas—like Edinburgh's New Town.

It follows that some of the 1960s centres must have been in the best shopping locations of their time, and could be again — providing the shoppers can get to them. They still risk being confused by town planners and their punitive one-way systems, inadequate and exorbitant car parks.

Newcastle's Eldon Square seems to transcend such problems but it is plugged into the Metro underground system and has little in the way of real competition. In the South, local authorities will have to be courted; but since a lot of the shopping centre landlords are the local authorities themselves, they might see some merit in a broader assessment of the retail environment.

ON RETAIL PROSPECTS

'We foresee very limited economic growth in Western society, but within that so many changes that there will be even more opportunities for retailers.'

Peter Spriddell, Marks & Spencer

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
13	14	15	16	17	18	19

Opera and Ballet

NEW YORK

Metropolitan Opera (Opera House): Besides Rinaldo starring Marilyn Horne, the week features Peter Hall's production of Macbeth, premiered last season, with Renata Scotto as Lady Macbeth and Sherrill Milnes as Macbeth. The week also includes Mahagonny and La Bohème. Lincoln Center (580 9830).

New York City Ballet (New York State Theatre): The company's season of mixed repertory includes performances this week of The Goldberg Variations, Mozartiana and Harlequinade. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Terrace): Gail Dubinbaum takes the title role in La Cenerentola directed by Gian Carlo Menotti and conducted by Cal Stewart Kellogg. Kennedy Center (254 9895).

LONDON

Royal Opera, Covent Garden: The return of Berg's Wozzeck after a long absence brings to the 30-year-old production an excellent revival team – conductor Christoph von Dohnanyi, Jose van Dam in the title role, Anja Silja as Marie, and a cast including James King, Francis Egerton and Robin Leggate (240 1066).

English National Opera, Coliseum: Nelly Miricioiu, one of the brightest young talents in opera, is the Violetta of the latest Traviata revival. Jonathan Miller's production of The Turn of the Screw returns with a largely new cast – Jill Gomez, Philip Langridge, Margaret Kingsley (836 3161).

WEST GERMANY

Berlin, Deutsche Oper: Die Lustigen Weiber von Windsor starts the week. Manon Lescaut has Teresa Zylis-Gara and George Fortune; Ein Maskenball, a complete new cast. La Bohème, in Italian, brings together Katja Ricciarelli and Giorgio Lamberti.

Hamburg, Staatsoper: La Bohème is respectable, with outstanding Eugenia Moldoveanu and Luis Lima. Der Barbier von Sevilla features Ann Murray and Douglas F. Ahlstedt.

Frankfurt, Oper: Manon Lescaut with Nelly Miricioiu excelling in the title role. For the centenary of Richard Wagner's death, Der Fliegende Holländer is offered. Der Wildschütz is a Renate Ackermann production. Aida, sung in Italian, has Aurea Gomez brilliant in the title role.

Cologne, Opera: Falstaff has Walter Berry in the title role. For Wagner's 100th anniversary, Die Meistersinger von Nürnberg is perfectly cast with Theo Adam as Sachs. A Lieder recital closes the week.

Hamburg, Staatsoper: Ballet! Hommage à George Balanchine! includes his Temperamente, danced to music by Paul Hindemith, Tchaikovsky's Pas de Deux and Serenade, and Mozart 338, a German premiere, dedicated to the late Balanchine, choreographed by John Neumeier, and danced to music by Mozart. (Tues, Thurs).

Stuttgart, Württembergisches Staatstheater: This week's highlight is Ariadne auf Naxos with Doris Soffel, Maria de Francesca-Cavazza and Wolfgang Probst in leading roles. Also Hänsel und Gretel and Die Entführung aus dem Serail.

Munich, Bayerische Staatsoper: To commemorate Wagner, the Bavarian state opera is showing his complete works for the first time: Die Meistersinger von Nürnberg with Rene Kollo, Peter Schreier and Lucia Popp; Tosca, steered to triumph by Raina Kabaivanska and Giacomo Aragall; Madame Butterfly, perfectly interpreted by Gwyneth Jones in the title role. Also The Magic Flute with Peter Schreier and Gudrun Wewezow. Don Pasquale ends the week.

ITALY

Milan, La Scala: Ballet to music by Mahler and Richard Strauss, choreographed by Joseph Russillo and featuring him with Luciana Savignano.

PARIS

Don Quichotte, ballet in three acts to Ludwig Minkus's music. Choreography by Rudolf Nureyev after Petipa, production by Nureyev, decor and costumes by Nicholas Georgiadis, conducted by Andre Presser/John Lanchbery. Palais Garnier (266 5022).

Ballet Théâtre de L'Arche presents May B, a creation by Maguy Marin inspired by Beckett's Universe; by Compagnie Regine Chopinot dancing Delices in Regine Chopinot's New Wave choreography at the Théâtre de la Ville (274 2277).

Ariadone in Utt with Carlotta Ikeda, choreography by Ko Murobush, in which a feminine ensemble gives a brilliant demonstration of the Butoh dance. Théâtre de Paris (280 0930).

OPERETTA AT THE WELLS

New Sadler's Wells Opera, successfully launched a year ago, presents three operettas in its second season from January 25 to March 10.

Flotow's Martha, a new production, will be sung in English with Marilyn Hill Smith as Lady Harriet and John Brecknock as Lionel. Anthony Hose conducts.

Another new production is Gilbert and Sullivan's The Gondoliers with D'Oyly Carte's Donald Adams as Don Alhambra and Sandra Dugdale as Casilda.

Countess Maritza, by Kalman, is revived from last season with English book and lyrics by Nigel Douglas. Ian Caley, Penelope Mackay and Joan Davies are among the cast. Sadler's Wells, Rosebery Avenue (278 8916).

Music

LONDON

Young Musician's, Chamber Orchestra, conducted by James Blair, with Margaret Campbell, flute, and Rachel Masters, harp. Beethoven, Mozart and Haydn. Queen Elizabeth Hall (Mon). (928 3191).

Philharmonia Orchestra conducted by Oliver Knussen in the Du Maurier Music of Today series. Ligeti evening. Barbican Hall (Mon). (638 8891).

Michele Campanella, piano. Scarlatti and Liszt. Queen Elizabeth Hall (Tue).

Royal Philharmonic Orchestra and Royal Choral Society, conducted by Yan Pascal Tortelier, with Nina Milkina, piano; Jill Gomez, soprano; David Wilson Johnson, baritone. Mozart and Faure. Barbican Hall (Tue).

Chilingirian String Quartet: Beethoven. Queen Elizabeth Hall (Wed).

Academy of St. Martin-in-the-Fields, with Iona Brown soloist and director. Barbican Hall (Wed, 1pm). Vivaldi's The Four Seasons.

Marianne Ehrhardt, flute, and Michael Dussek, piano. Haydn, Hindemith, Bax and Mozart. Purcell Room (Thur). (928 3191).

Orchestra of St. John's Smith Square conducted by John Lubbock. Schubert and Mozart. Barbican Hall (Thur, 1pm).

PARIS

Dame Janet Baker, recital. Geoffrey Parsons, piano (Mon), Théâtre de l'Athénée (7426727).

Vladimir Spivakov, violin; Boris Bechtierev, piano: Beethoven, Hindemith, Saye, Franck (Mon). Gaveau (5632030).

Margaret Price, soprano; James Lockhart, piano. Lieder by Schubert, R. Strauss, Mahler (Mon), TMP – Châtelet (2334444).

Ensemble Instrumental de Grenoble, conducted by Stephane Cardon. Laure Morabito, Harpsichord: Bartok, Louvier, Ginastera (Mon), Radio France – Grand Auditorium (5241516).

Nouvel Orchestre Philharmonique, conducted by Marek Janowski, Bruno-Leonard Gelber, piano: Brahms piano concerto No 1, symphony No 2 (Tue), Théâtre des Champs Elysées (7234777).

Ensemble Orchestral de Paris, conducted by Jean-Pierre Wallez, Gaetane Prouvost, violin; Francis Hardy, trumpet; Francois-Joel Thiollier, piano: Shostakovitch, Saint-Saens, Beethoven (Tue). Gaveau (5632030).

Philip Bride, violin; Bernard Ringeissen, piano: Schubert, Franck, Brahms, Poulenc, Elgar (Wed), Gaveau (5632030).

Orchestre de Paris, conducted by Philippe Bender, Teresa Berganza, mezzo-soprano: Berlioz, De Falla/Berio, Barber (Wed, Thur), Salle Pleyel (5630796).

WEST GERMANY

Berlin, Philharmonie: The Berlin Philharmonic Orchestra and violinist Augustin Dumay, conducted by Aldo Ceccato, play works by Bartok, Ravel and Peter Gülke (Fri, Sat).

The Berlin Philharmonic Orchestra, under Daniel Barenboim, with pianist Jean-Bernard Pommier, offers Beethoven and Bartok (Wed).

Hamburg, Musikhalle: The Hamburg Philharmonic Orchestra, conducted by Guiseppe Sinopoli and mezzo-soprano Brigitte Fassbänder with Bruckner and Brahms (Sun).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Leonard Bernstein conducting Berlioz, Sibelius (Tue), Lincoln Center (874 2424).

Merkin Hall (Abraham Goodman House): Vladimir Leyetchkiss piano recital; Beethoven, Pansyev, Debussy, Scriabin (Mon). Sharon Isbin, guitar and Nadja Salerno Sonnenberg, violin, duo recital; Bach, Giuliani, Brouwer, Barrios, Paganini, Bartok (Tue). The Clarion Concerts Orchestra; Newell Jenkins director; Mary Ann Hart, mezzosoprano. Boccherini, Sammantini, Handel, Malipiero, Mozart (Wed); Concerts Plus, Simca Heled artistic director, Albeniz, Handel, Beethoven, Ibert, Morel, Boccherini (Thur) 67th W. of Broadway (362 8719).

WASHINGTON

Concert Hall: National Symphony, Myung Whun Chung conducting. Beethoven, Hindemith, Dvorak (Tue, Wed mat, Thur). Kennedy Center (254 3776).

ZURICH

Tonhalle: Tonhalle Orchestra conducted by Christopher Eschenbach, piano. Mozart (Wed); Wiener Streichsextett. Mozart and Brahms (Thur).

Theatre

LONDON

Dancin' (Drury Lane): Bob Fosse's answer to A Chorus Line makes Wayne Sleep and his Dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alwin Nikolais or even Fosse's own All That Jazz need not apply. (836 8108).

Blondel (Old Vic): It is a real pleasure to visit Honest Ed's Old Vic, full of light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (rhyming with "londle") in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rhapsody. (928 7616).

Dear Anyone (Cambridge): Jane Lapotaire, without Piaf's songs, is still a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltai's design for a newspaper office is an impressive steel astrolabe. (379 5299).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

Candida (Goodman Mainstage): Munson Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800).

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300).

As You Like It (Arena): The Napoleonic era with its bows to Romanticism are the setting of Douglas C. Wager's production with Frances Conroy as Rosalind and Tom Hewitt as Orlando. Ends Jan 1. (488 3300).

Agnes of God (Eisenhower): Hysterical pregnancy of a contemporary novitiate makes for emotional heat but little light in John Pielmeier's melodramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3670). Ends Jan 7.

Woman of the Year (Opera House): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3770).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 send-up of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Simon Ward and Hayley Mills in 'Dial M For Murder' at the Vaudeville Theatre, London.

Exhibitions

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 26. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and many of them encrusted with jewels – a reminder that long before its present troubles, Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

WEST GERMANY

Brunswick, Herzog Anton Ulrich Museum, 1 Museumstrasse: French Painting from Watteau to Renoir has 70 landscapes, still lives and portraits from the 18th and 19th centuries. Ends Jan 22.

Bremen, Kunsthalle, 207 Am Wall: A survey of the work of Odilon Redon (1840 to 1916), the French symbolist painter. It comprises 200 oil paintings, pastels, drawings and graphics. Ends Jan 22.

Hanover, Kestner Gesellschaft, 18 Warmbüchenstrasse: Expressive paintings and coloured bronze sculptures by Sandro Chia, created by the Italian "fauve" artists between 1975 and 1983. Ends Jan 22.

Düsseldorf, Städtische Kunsthalle, 4 Grabbeplatz: Picasso sculpture. The 197 pieces – made of wood, plaster, bronze, wire wrapping and rolled iron sheets – span all periods. Ends Jan 29.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is showing chiefly Heckel's early work. There are paintings, drawings and watercolours. Ends Feb 2.

Frankfurt, Städel, 63, Schaumainkai: The centenary of Max Beckmann, the outstanding German expressionist, is marked by 180 works from 1915 to 1933. Ends Feb 2.

Hanover, Forum des Niedersächsischen Landesmuseums, 5-11 Am Markt: paintings and clothes from the period between classicism and art deco. Ends Feb 29.

Ludwigshafen, Wilhelm Hack Museum, 23 Berliner Strasse: One show is dedicated to Horst Antes, the German painter, who has 128 paintings, gouaches and drawings here. The other focuses on four centuries of wood engravings by Albrecht Dürer, which date from 1498 and 1511. Both shows end Jan 29.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: 125 oil paintings, objects, sculptures and drawings by Lucio Fontana, the Italian painter and sculptor (1899 to 1968), who found new means to depict space. Ends Feb 12.

LONDON

The Hayward Gallery: Raoul Dufy – a timely reminder that this hero of countless chocolate boxes and postcards, the acceptable face of modern art, was not only a significant painter but a Fauvist of peculiar character, a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly perfunctory notation, and his characteristic imagery – white sails in the bay, palm trees below the balcony, bright silks against the apple green of the racecourse, have been taken up and broadcast endlessly by lesser talents. His fabric designs and tapestries are especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

The Hayward Gallery: Hockney's Photographs – a brisk survey of Hockney's practical use of the camera from simple reference and aide memoire to photographic exercises. This latter aspect developed slowly but has speeded considerably in the past 18 months. The composite photographic image is no longer just a simple still life or portrait study, but a strange and intriguing image of an event, a sequence of action, a passage of time. Ends Feb 5.

PARIS

Raphael: Three exhibitions pay homage to the great Renaissance painter – born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balthazar Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (2615410). Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (260 3926). Closed Tue. Ends end of Feb.

Balthus: in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown to the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou. Closed Tue. Ends Jan 23 (277 1233).

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebossé. One World Trade Center, 105th storey.

Willem de Kooning (Whitney): This major retrospective with 250 works covering the artist's entire career is divided into drawings and painting and sculpture sections. Half the exhibits are drawings and there are 25 sculptures. Ends Feb 19.

Kandinsky (Guggenheim): More than 300 works limited to the early Russian and mid Bauhaus periods from 1915 to 1933 is the second in the museum's comprehensive reconstruction of Kandinsky's peripatetic and prolific career. Also included in the show are the works of contemporaries including constructivists like Malevich and Lissitzky as well as German and Bauhaus artists like Moholy-Nagy Miles van der Rohe and Paul Klee. Ends Feb 12.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlan, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8.

CHICAGO

Museum of Contemporary Art: 46 paintings of Superrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Superrealism. Organised originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22.

Cinema/Nigel Andrews

Liberal helpings of guilt

Daniel, directed by Sidney Lumet
Vassa, directed by Gleb Panfilov

Lindsay Crouse and Ilan M. Mitchell-Smith in "Daniel"

"The film is meant to put you through an experience honestly," says director Sidney Lumet about *Daniel*, a fictionalised account of the Rosenbergs' spy trial and execution as seen and recalled by their imaginary son. Here the Rosenbergs are called the Isaacsons, the son (played by Timothy Hutton) is called Daniel and the film should be called something unprintable for putting audiences through the most dishonest experience I can remember in recent movie history.

Lumet and screenwriter E. L. Doctorow (adapting his own novel *The Book of Daniel*) have used fiction not as a means to greater dramatic truth but to camouflage their irresponsible use of fact. Though neither would claim that their story *isn't* inspired directly by the Rosenberg case—Ethel and Julius of that name were tried and sentenced to the electric chair in 1953 for passing atomic secrets to the Russians—their fictional rejigging means that the film can plug into all the available sorrow, anger or indignation people still have about the case while conveniently disconnecting itself from any difficult qualms or quibbles about precise details.

Recently published evidence favours the view that the Rosenbergs were guilty, though many believe nonetheless that the punishment was disproportionate to the crime. The 35-year-old Jewish New York engineer and his wife were the only Americans ever to be put to death for espionage during peace-time. And in the view of many they were dispatched not as just victims but as unjust scapegoats to McCarthyite hysteria (and even, claim some, to American anti-semitism).

What *Daniel* achieves is to blur almost every issue of circumstantial fact and historical reality and precisely articulated ideology, so that we're left with a screenful of steamed-up generic liberalism. As in *The Verdict* Lumet employs the Polish cameraman Andrzej Bartkowiak, here adapting his interesting Rembrandt lighting of the earlier film into an all-over amber and sackcloth mush. The images become more monochromatic the more we plunge from the present (Daniel taking part in 1980s peace demonstrations or coddling his token wife and child) to the past (family life with the Isaacsons and the spiralling terror of their arrest and trial).

The reverential blur of the imagery matches the blur of the film's thinking. Isaacson père is played by Mandy Patinkin with a manic evangelistic brio that any sane person would run a mile from. He's a hyped-up firecracker who rails against all authority and loves all minorities and would undoubtedly, given the opportunity, help old Soviet agents cross the street. Who in the corridors of international espionage, would trust a man like this with a secret?

Lindsay Crouse is a warm and wonderful and even pretty Ma Isaacson, whose execution is staged for maximum liberal-message impact. Not only does she affectionately embrace her black female warder before being wired up (filmgoers invited to put a tick here for inter-racial solidarity), but she also needs, unlike her husband, a second dose of electricity to finish her off (a tick here for role-reversing feminist strength and courage). The horror of her death takes second place to the messages being busily doled out. One suspects that, given the chance, Lumet and Doctorow would also have had her make a short speech about the persecuted status of the Red Indians.

Meanwhile, Timothy Hutton's long-haired and bearded hero, in whom after peering through much face-foliage we can espy two piercing blue eyes, recollects in tranquillity the merry to and fro of family mealtime dialogue ("You simplistic sectarian," etc) and sometimes speaks straight to the camera about justice and punishment in past history. We have a lecture from him about drawing and quartering, and also one about burning at the stake: "always used on the lower classes," declares Hutton dogmatically, though with questionable inaccuracy.

Of course, since the film makes a point of spuriously championing the Isaacson-Rosenbergs' claims of innocence the most interesting and complex question of all is completely neglected: namely, just what punishment *would* suit such a crime, if the defendants were guilty? Is the betrayal of a whole nation actually less serious, or more ideologically defensible, than an act of individual murder? Though I don't believe it is, I'd be happy to see the issue argued forcefully in a movie.

But Lumet and Doctorow aren't concerned with questions of justice or moral philosophy. Instead they seek to grapeshot us with sounds and images guaranteed to make us purr at the peace movement and pick up our banners and march. (Nuclear disarmament seems a curious movement for Rosenberg supporters to champion, but we'll let that pass). We are duly belted with little children being held above heads at rallies, with flower-power picnics and with the halcyon sight and sound of Paul Robeson rumbling away.

The saddest victims of all in this 129-minute Magical Radicalism tour is Amanda Plummer as Hutton's sister. Her husky voice and anorexic features are here exaggerated beyond recall, by make-up and overdirection, as here character becomes an asylum-consigned Ophelia sacrificed on the alter of bully-boy Cold War victimisation; just as the actress herself is sacrificed on the altar of bully-boy Hollywood hyperbole. *Daniel* has landed in the Lumet's den, and few would-be powerful projects —from *Network* to *Prince of the City*—survive that experience with their subtlety and resonance intact.

*

Gleb Panfilov's film of Maxim Gorky's play *Vassa* has all the majestic clarity that totally eludes *Daniel*.

We are in Nizhni Novgorod in 1913. Amid mad Art Nouveau interiors, where lilies, peacocks and willowy Vestals intertwine as if there were no tomorrow (which in a sense there wasn't), the ship-owning matriarch Vassa Zheleznova (played by the magnificent Inna Churikova) tries to lance the business and family sores that are bubbling up all around her. Her husband has been hanky-pankying with young girls, causing the horror of an impending court case. "Take the powder!" cries Vassa, proferring a sachet of cyanide and anxious to avoid scandal and he duly does, leaving the empire to her. Meanwhile her brother (Nikolai Skorobogatov, resembling a Russian Alfie Bass) is encouraging frivolity and loose morals in her two daughters, and her Jewish revolutionary daughter-in-law Rachel has arrived to try to prise her son away from Vassa's overprotective grand-motherly grip.

This resplendent slow-motion explosion of a drama is directed in long motionless takes that sear themselves slowly on to the retina.

The film's front-on naturalism pays dividends throughout: not least when the story soars into surrealism near the end, with a visit from Papa's ghost, and the camera *still* sits there in budgeless immobility, as quiet and gnomic as a cat. Sometimes, *pace* King Lear, everything will come of nothing. It's like watching the world end—in this case the world of pre-revolutionary Russia—from a grandstand seat in which you're helpless to help and plied with ever more comfortless comforts. Bleak, baroque, beautiful and not to be missed.

Schumann chamber music/Radio 3

Max Loppert

In this week's BBC occupation of the Barbican Hall, the non-symphonic concerts of the Haydn-Schumann series are neatly divided into programmes of Haydn choral music and Schumann chamber music and songs. The latter two recitals provide a chance to hear all three of the Opus 41 quartets, a comparative rarity, alongside the three most familiar Schumann song cycles.

The singer in Wednesday's recital (broadcast live, as is the whole series) was Jill Gomez. Listening to Lieder on radio subjects their performer to a kind of black-and-white test: Miss Gomez passed it impressively. It may be a deprivation to encounter so mercurial a platform presence *without* actually seeing it; but the utterance was always sufficiently vivid to allow the listener to make up the difference. The opening of the second *Liederkreis*—under the note, and with John Constable supplying a rigid, hasty piano part—was not a reliable portent, for once both partners had found form the performance of the Eichendorff songs became notable for an unusual amount of febrile vitality.

Miss Gomez possesses the uncommon ability to train attention, by nuances of colour variation, on the growth of a song, and Mr Constable is always quick to second her. Occasionally the singing became mannered, trailing the tone away at the ends of phrases; for the most part, the secretive fancies of the cycle were most eloquently caught. In the *Frauenliebe und Leben* cycle the configuration of the soprano's resources doesn't fully allow for the simple glow of well-being that less intellectually-endowed singers can sometimes attain. But here, once more, the needle-point articulation shed a welcome freshness — l o v e l y turns, springingly precise, were a regular bonus.

The resident string quartet of the series is the Lindsay. In the first of the Op. 41 set, the A minor, that powerful discourse strangely lacking in truly Schumannesque touches, the players seemed determined to show off the forcefulness of its argument. This paid off greatly in the outer movements, whose contrapuntal writing developed tremendous momentum; less so in the middle ones, particularly in an unbending, over-accented scherzo.

PLG Young Artists/Purcell Room

Andrew Clements

Wednesday's instalment of the Park Lane Group's "Young Artists and 20th-Century Music" series brought a flautist and violist into close focus. Closer focus, perhaps than one might have preferred, for the Purcell Room does rather thrust its performers on the audience. Richard Davis gets around the flute with enormous facility, but his tone lacks a genuine pianssimo, at least in this hall and in the works he chose to present.

It was bold of him to begin with Boulez's flute *Sonatine*, that marvellously suggestive stylistic fusion of the influences on the early (1946) composer. I'm not sure the piece provides the way into the later, more abstruse works that Simon Parkin (Mr Davis's partner) suggested in his programme note; it seems to demonstrate instead the pathways that Boulez chose to ignore on his way to a personal language. Davis and Parkin treated the *Sonatine* with considerable freedom, paying less attention to rhythmic accuracy than one might have liked, and compressing the dynamic range.

In Copland's Duo—late, tired rejiggings of some evocative scraps of more populist times—Mr Davis's want of tonal variety was noticed; it was all too strident, too unsubtle. The programme's statutory Justin Connolly work was *Tesserae B*, five miniatures with whimsical titles and much earnest note spinning.

Sally Beamish is a viola player of solid, undemonstrative technique, and a small, occasionally wiry tone. She contrasted her contributions dramatically — Hugh Wood (his Op. 1 variations, dry but finely finished) and Martin Dalby against Bliss's viola sonata. The Dalby was a Park Lane Group commission, receiving its first performance. *Scotch Rhapsody* I take to be predominantly entertaining, an affectionate parody of some Scottish fiddle tunes set against a piano part (delivered with great *sang froid* by Alan Gravill) that seems to yearn for more sophisticated harmonic regions. The trouble is that the joke never catches fire; there is a central slow section that is overlong, and a thin flavour to the rest, though Miss Beamish played it all cleanly and carefully.

SuperTed

Robin Reeves

Walt Disney Communications has bought *SuperTed*, a cartoon series from Britain's Welsh-language television channel S4C, for showing on the Disney cable channel in the U.S.

It is the first British cartoon series to be bought by the acknowledged masters of the animation industry. Disney has also acquired North American video rights for SuperTed and is negotiating to handle video distribution rights worldwide.

The series has been made by Siriol Animation, a new animation company established in Cardiff to make cartoons, in response to the setting up of the Welsh channel.

The first 12 episodes were shown in English on BBC 1 last autumn, after first going out in Welsh on S4C. The series, which will initially run to 24 cartoons about the adventures of a space-age teddy bear, has also been sold to 14 other countries.

The version for the Disney channel, which has 3m subscribers, will be dubbed with an American soundtrack for broadcasting next autumn. S4C and Siriol representatives are flying to the New York Toy Fair next month to launch a big SuperTed merchandising operation.

The Welsh channel was established in the teeth of political controversy as a three-year experiment to see if Wales's 500,000 Welsh speakers would watch their own TV service. Its future is due to be reviewed by the British Government next year.

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The West and Poland

TODAY the West is holding two more meetings to wrestle with the issue of its two-year-old sanctions on Poland; one in the Nato Council in Brussels and the other in the Paris club of government creditors. Neither is likely to achieve much. For they illustrate that the hardest thing about sanctions is to know when to lift them.

The diplomatic and economic ostracism which Nato countries imposed on Poland in January 1982 was primarily a gesture of disapproval of the force disbandment of the Solidarity trade union and its hard-won rights. If the alternative were more drastic action, impossibly risky in this nuclear age, then sanctions made some sense. But, as recent history shows, sanctions do not change the stars in their courses or topple governments.

In the past year, General Jaruzelski has formally lifted martial law, let his less important political prisoners go and re-licensed trade unions under tight government leash. This is progress, but not enough to please the West or many Poles. For, the general still holds more than 200 political prisoners, harasses outspoken parish priests, and ignores Mr Lech Walesa.

'Critical dialogue'

All Nato governments now agree in principle that sanctions should be partially lifted to recognise the partial progress in Poland. No western government, for instance, is rushing to lift the agreed ban on new export credit to Poland, since Poland, no matter how politically liberal it could become, would still be in a financial mess for some years to come. But the U.S. and the West Europeans part company on the timing and scope of changes in the other elements of Nato sanctions.

The West Europeans reached the view last autumn, in their EEC deliberations, that the time had come to open up a "critical dialogue" with the Polish Government. They argue that only with renewed contacts can western influence be made felt in Warsaw, and that in the absence of such contacts for much longer, the traditional western leanings of many Poles, in as well as out of the communist government, will be snuffed out.

The West Europeans also point out that the freeze on rescheduling Poland's official debt has boomeranged. It has excused the Poles paying any interest for the past two years on the $11bn (£7.8bn) debt they owe western governments. The only beneficial side-effect has been to give the Poles a little more cash to import with; UK exports to Poland actually rose last year. But with Poland now running a hard currency surplus of around $1bn, governments in Western Europe do not want to go on seeing this going all into the pockets of their private banks and companies.

Wrong time

Just as the Reagan Administration seemed to be seeing the force of these arguments, it was hit by an entirely predictable factor, the 1984 presidential campaign. The Reagan White House knows that there are no votes to be lost by being hard on General Jaruzelski and many to be lost by appearing nice to him, particularly at the wrong time.

Reagan officials have a precise idea of when the wrong time to lift any major part of sanctions would be: just before General Jaruzelski carries out his threat to put on trial for treason the 11 most prominent prisoners from Solidarity and KOR, its precursor.

So the administration is still dragging its feet. This takes several forms. One is the U.S. proposals that western governments only re-negotiate Poland's debt arrears year by year, starting with the broken agreement of 1981, then 1982 and 1983. West European governments complain this would take far too long, leaving Poland's official creditors far behind the western banks which continue rescheduling Polish debt during martial law, and are now talking about a four year deal covering 1984-87 debt. Another form is U.S. refusal at the moment to countenance Poland becoming a member of the International Monetary Fund, which Warsaw applied to join more than two years ago. The U.S. argues that Poland's desire to join the IMF is the one piece of real leverage the West has left.

Is it? Prominent Polish officials, notably from the foreign trade ministry, have recently taken to the Polish press to express their view that Poland should forget about rescheduling its western official debts and joining the IMF and should instead turn its face resolutely to the East. This may be just a Warsaw negotiating ploy. But if there really is a growing mood in the Jaruzelski Government to cancel its IMF application, which it is in the long run in Western interest to accept, then the lever may be in Polish, not U.S. hands.

General Jaruzelski can do one thing now to speed the lifting of sanctions: free or at least drop the planned trials of the 11 prisoners. He has already tried the easy way out, offering them exile. Bravely, the 11 have refused to go abroad. So the general will have to tackle the issue, on which high political stakes now ride, squarely.

Citibank knocks at the door

CITIBANK OF New York has never had a high regard for convention, and its bid to become the first foreign member of the UK bank clearing system has caused some discomfort in the British banking establishment. But though it raises questions about the desirability of admitting a foreign-based entity into the delicate "works" of the UK banking system, it also touches on the broader issue of who should be granted direct access to a vital national service.

The ten existing clearing banks, which must approve Citibank's membership of the Bankers Clearing House, are in something of a dilemma. By saying yes, they will be admitting one of the most aggressive banks in the world as a direct competitor. By saying no, they will only reinforce the widely held — though not wholly justified — view that they run the clearing system as a closed shop.

Significant player

On balance, the arguments favour admitting Citibank. On purely industrial grounds, it is a significant player in the UK banking market with nearly 50 branches. It accounts for a meaningful share of the payments cleared each day (which it currently must process, for a fee, through an existing clearer).

Naturally, a clearing bank must also be good for its obligations. But there has never been any suggestion that Citibank, with $130bn in assets, is a doubtful credit risk.

More sensitive is the question of legal status, and a case for keeping Citibank out could be constructed on these grounds. There have been several instances of the U.S. authorities seeking to apply U.S. law outside their territorial jurisdiction in banking matters—the Iranian assets freeze for example. And it would naturally be unacceptable for one member of the British clearing system to be subject to different law from the rest.

However, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, has said that he sees no grounds for refusing Citibank admission to the Clearing House. And it is doubtful that he would have said this if the Bank had not satisfied itself as to Citibank's legal status in the UK.

The Bank's view will obviously carry weight. But the indications currently are that the decision is finely balanced.

The principle at issue is that membership of the clearing house should be determined according to objective criteria and the public interest, not merely those of the existing clearers. Such criteria do exist; they have mainly to do with size of branch network and clearing volume. But the clearers have never been able to dispel the notion that the clearing system is restrictive, even though they have in the past actively invited participation.

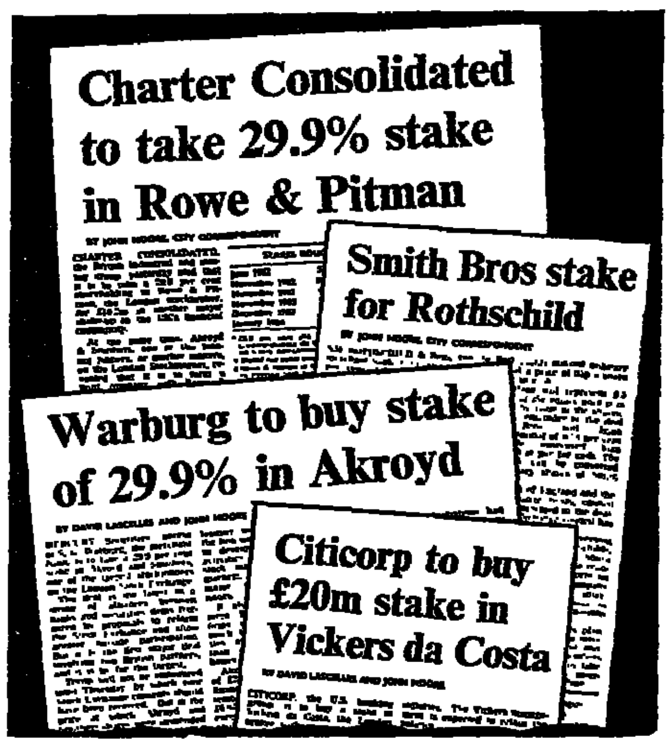
Strong interest

However, the rapid changes that are taking place in the financial industry are creating a strong interest among a new class of financial institution, including building societies, in gaining access to clearing. And it is evident that Citibank's application to join is only the first from outside the traditional ranks of UK banks. The National Consumer Council may have been a little zealous when it recommended in its recent report on banking that the Government should take a hard look at the ownership of the clearing system if it had not been opened up within two or three years. But the clearers will do their reputation no good at all if they turn Citibank down.

LONDON SECURITIES MARKET

The quickening pace of change

By Barry Riley and John Moore



THIS WEEK'S revelation that stockbrokers Rowe & Pitman had contacts with more than 30 potential outside partners before finally plumping for a deal with Charter Consolidated provides a vivid insight into the scale of the current manoeuvring for position within the London securities market.

Rowe & Pitman is the second of the top ten broking firms to agree an outside investment of 29.9 per cent, the maximum at present permitted by the rules of the Stock Exchange. The first was Hoare Govett, probably the largest of all the London brokerage houses, which made the pioneering move some 19 months ago.

The forging of links with outsiders has accelerated markedly since the Stock Exchange struck its deal with the Government last summer, avoiding the scheduled case in the Restrictive Practices Court. There was no longer any reason to wait for a possibly lengthy legal action to settle the future shape of the rule-book, and many negotiations began in earnest.

In the past two months or so, five stock market firms have arranged outside participation. And in a development which many regard as being of equal significance, the American broking giant Prudential-Bache announced a more direct entry to the London market by backing a new firm to be headed by two breakaway principals from another of the top ten brokers, James Capel.

Everywhere, leading executives in London's broking and jobbing (market making) firms are urgently planning their future strategy. "We are doing a lot of work on what options are open to us" is a typical comment from one senior partner of a major firm.

Yet it would be a mistake to think that the dominoes will necessarily all begin to tumble in quick succession. Some firms have proved keen to move quickly. But no two firms have quite the same spread of business, and many will want to maintain a flexible stance for as long as possible.

The deals struck so far fall into two categories. There is a rush by merchant banks to form links with the jobbing firms, whose market making skills will form an essential element of any broad securities market grouping of the future. Since there are no more than about five jobbing firms of any size, the prizes will go to those who move quickly. The destiny of Wedd Durlacher, the major rival of Akroyd & Smithers, is the key issue here.

Secondly, there has been quick action by broking firms which need capital and, perhaps, overseas connections in order to develop their international business. This was a factor in Hoare's original decision to link up with a West Coast U.S. bank, while Vickers da Costa and Rowe & Pitman are the two leading British brokers in foreign equities in terms of commissions earned from UK institutions.

Changes in Stock Exchange rules will make it possible this spring to set up international dealing (IDs) operations which can be jointly owned with partners outside the Stock Exchange. An ID planned by Rowe & Pitman and Akroyd will have initial capital of £17m while another to be launched by Rothschilds and Smith Bros will absorb £10m. Such sums are wholly outside the capability of traditional Stock Exchange partnerships.

But by no means all firms have ambitions to go down this road. Those focusing mainly on domestic objectives have a breathing space before the abolition of fixed commissions—now thought likely to take place in an overnight "big bang" rather than a protracted phasing out—forces structural changes.

Major users of the stock market, such as the pension funds, unit trusts and other interests had argued that the minimum commission rules should be dismantled on a target date not later than the end of this year or the beginning of 1985. But Sir Nicholas Goodison, chairman of the Stock Exchange, indicated recently that he did not see a target date for the dismantling of the minimum commission rules being set earlier than the end of June 1985. "There is a lot to be decided about the dealing mechanisms which have to be put in place in the new structure," he said.

The London financial community is in a feverish state as those firms which have not yet formed their alliances for the future seek possible bedfellows. "Every firm of brokers is talking to all sorts of people. We are having interesting conversations with all kinds of people," says one senior partner of a stockbroking firm who prefers not to be identified.

There are severe constraints upon broking firms when they consider the choice of external partners. Not surprisingly, they have so far opted for neutral backers, such as American commercial banks, or in the case of Rowe and Pitman, a big rich client.

As Mr Peter Wilmot-Sitwell, R and P's senior partner, put it this week: "The people who offered synergy also introduced a conflict of interest with other client's."

For example, R and P is prominent in the new issue business, which requires it to work with a variety of merchant banks. Any tie-up with one particular bank—or even a New York investment bank which might be regarded as a potential competitor in London—would bring the risk of being struck off the lists of the other major issuing houses.

Similarly, a financial relationship with a particular investment institution, such as an insurance company, would involve a risk that other fund management groups would switch business to independent brokers.

However, the Bank of England is anxious that these conflicts should not lead to the curious position that only foreigners or non-financial organisations could take interests in major London brokers. The Bank is keen to encourage the development of broadly based British financial services groups of a stature that can compete internationally against the Americans and the Japanese.

Certainly groups like Mercantile House and Exco, already big in London money broking and overseas securities dealing, are actively seeking to move into the London stock market. But both James Capel and Wood Mackenzie have decided that they could not fit in with Exco's style.

Nevertheless the terms of the deal between Charter Consolidated and Rowe & Pitman have impressed other senior partners. One estimate is that the deal—which values the existing R & P business at nearly £40m—is on the basis of between 15 and 20 times earnings (adjusted to a corporate rather than partnership accounting basis). "It is a beautiful deal," says one admiring rival.

"The pace of change is much too fast," says another senior partner of a leading stockbroker. "People are not thinking the rationale of these deals through." Yet the restructuring of the stock market has a momentum of its own which all the professionals agree will be difficult to halt.

Enough deals have now been done to divine an indication of what the London securities business could be like in the near future. Senior partners of the larger firms argue that a major priority for them is to strengthen their international operations, extending their overseas networks and making further inroads in markets such as Japan and New York. That may need more capital, perhaps through a link up with a partner in a Rowe and Pitman-Akroyd style arrangement.

The larger stockbroking firms with corporate finance departments are looking to adopt a more agressive strategy in an effort to compete with the big American securities houses. At the same time the London merchant banks, such as S. G. Warburg and N. M. Rothschild, are seeking to transform themselves into U.S. style investment banks to compete with Morgan Stanley, Goldman Sachs and other major U.S. firms.

Ten large firms — out of a total of 214 — account for half the business of UK institutions. Another 20 medium-sized stockbroking firms account for a further 40 per cent of institutional business and regard as a priority expansion and improvement of their research effort and the building up of their overseas client base. The smaller specialist firms hope to survive the upheaval and the more competitive environment through concentrating on their specialisations, such as research in depth into one or two sectors of the market, for example oil, gilts and the development of private client business.

The jokers in the pack, as far as the London securities firms are concerned, are the likes of Prudential-Bache and Merrill Lynch, who are poaching staff away from London firms.

Most brokers are agreed that the rule permitting outsiders to own only 29.9 per cent in Stock Exchange firms will shortly crumble. Already a number of deals have provided arrangements for the companies taking the stake to acquire more shares if the Stock Exchange rules are relaxed.

A second wave of deals will then follow as those companies which have taken the initial 29.9 per cent stakes consolidate their positions by taking control of the firms and gain full admission to the London Stock Exchange. The Stock Exchange authorities are attempting to draw up rules to regulate what will then be a much changed market.

In preparing their strategies for the immediate future, stock market firms are convinced that much will have to change. They are pre-occupied with building up their financial strength, so that they will be able to cope with the ending of the existing compensation fund and its replacement by some sort of insurance-based scheme on which the premiums are bound to be related to the capitalisation and earnings records of individual firms.

They are also calculating that a number of weaker firms are likely to be in trouble when commissions become negotiable, and so the firms which remain strong will be in a good position to attract highly regarded individual brokers and teams.

This week Mr Peter Wilmot-Sitwell of Rowe & Pitman saw his firm's parallel deals with Charter Consolidated and with Akroyd & Smithers as hedging the firm's bets for an uncertain future.

"We want to retain maximum flexibility," he said. "We don't know where we will be in five or 10 years' time. This will give us the time to see where our market is going."

THE DEALS SO FAR

JUNE 1982.	Security Pacific takes 29.9 per cent stake in Hoare Govett for £8m.
NOVEMBER 1982.	RIT and Northern, the financial group headed by Mr Jacob Rothschild, acquires a 29.9 per cent stake in Kitcat and Aitken. The purchase price of the investment is not disclosed but the stated net asset value of the stake is £522,000.
NOVEMBER 1983.	Citicorp, the U.S. bank, takes a 29.9 per cent stake in Vickers da Costa in a deal worth £20m.
NOVEMBER 1983.	Mercury Securities, parent company of S. G. Warburg, the merchant bank, takes a 29.9 per cent stake in Akroyd and Smithers for £41m.
DECEMBER 1983.	N. M. Rothschild buys a 29.9 per cent stake in Smith Bros. for £6.5m.
DECEMBER 1983.	Prudential-Bache Securities, part of the Prudential Insurance Company of America, announces that it is to form a joint venture stock broking firm in London with two corporate finance executives from James Capel. Prudential-Bache will hold 29.9 per cent in the new firm.
DECEMBER 1983.	Mr Michael Ashcroft's Hawley Group buys a 29.9 per cent stake in the five-partner Birmingham stockbroking firm of Fyshe Horton Finney and Co.
JANUARY 1984.	Charter Consolidated announces that it is to take a 29.9 per cent stake in Rowe and Pitman in a deal worth £16.2m. Rowe and Pitman announces that it is to form a new company with Akroyd and Smithers to deal in international equities. Akroyd will subscribe £11m of capital and Rowe and Pitman £6m to the new company.

Men & Matters

Key to success

Nobody personifies the classic American rags-to-riches story more fully than Dr Philip Hwang, who was in London yesterday to sign an exclusive national distribution deal with Thorn EMI for his TeleVideo System computer products.

When Hwang took his company public in March last year, the 68 per cent share he retained was valued at more than $500m. And at one dizzy moment during last autumn's New York bull market, it soared briefly to more than $1.1bn.

Yet little more than 30 years ago, Hwang was destitute, working as a house-boy for board and lodgings with a U.S. army unit in South Korea, which he reached as a stowaway on a ship from the North.

Hwang eventually got to the U.S., where he worked his way through Utah State University as dishwasher, busboy and waiter at a Lake Tahoe casino.

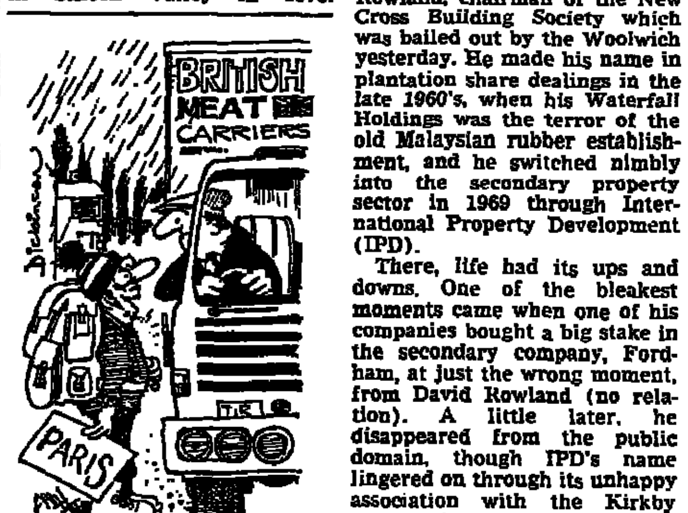
After jobs with Burroughs, NCR, and General Instrument, Hwang set up his own company in Silicon Valley in 1976. Venture capitalists had no interest in his plans. "I don't blame them," he says. "I was just an engineer with an idea and no management experience."

He mortgaged his house, furniture and car to raise the capital to start making monitors for video games. And the rest, as they say, is history.

Today, the amiable and bespectacled Hwang's TeleVideo is the leading supplier, outside IBM, of video display terminals, and a fast-growing manufacturer of microcomputers. Operating profit last year was $22.4m.

Only 47, Hwang could afford to turn his attention now to interests like Oriental antiques. But he still works a six-day week—and shows no sign of stopping.

"Enterprise, challenge—I like that," he says. "There is still so much I have to do."



"Er, on second thoughts, I'll walk it if you don't mind"

Rowland's return

Long-toothed investors will remember the name of Reg Rowland, chairman of the New Cross Building Society which was bailed out by the Woolwich yesterday. He made his name in plantation share dealings in the late 1960's, when his Waterfall Holdings was the terror of the old Malaysian rubber establishment, and he switched nimbly into the secondary property sector in 1969 through International Property Development (IPD).

There, life had its ups and downs. One of the bleakest moments came when one of his companies bought a big stake in the secondary company, Fordham, at just the wrong moment, from David Rowland (no relation). A little later, he disappeared from the public domain, though IPD's name lingered on through its unhappy association with the Kirkby co-operative.

Until yesterday's news, however, the New Cross had been quite a flyer. Its assets have jumped from £65 million to over £150 million since 1980, an extraordinary performance for a building society. This led the Chief Registrar to conclude "that if the present management and existing policies continued there was a distinct risk of a crisis"—a view with which Rowland strenuously disagreed.

Tebbit's tour

Trade and Industry Secretary, Norman Tebbit, underlined his continuing devotion to the free market cause during his visit this week to India, a country which believes in planning marriages as well as the economy.

The Indian Government wanted him to force British companies to buy more from India and narrow the hefty trade gap. But Tebbit pointed out that there was a limit to what could be organised centrally; meetings and agreements between individual companies were needed.

Surely, he said, Indian parents realised the limit of what could be achieved on the marriage market by merely exchanging photographs of potential partners.

Most private of Tebbit's own meetings during the visit was a quiet lunch with Rajiv Gandhi, son of the Indian Prime Minister.

Both former airline pilots and potential future Prime Ministers Rajiv and Tebbit were able to swap airline stories and, maybe, reflect on each other's chances of one day succeeding their present bosses, Mrs G. and Mrs T.

Power post

Ted Pugh was in jovial mood yesterday as he replaced Dr Ned Franklin as managing director of the National Nuclear Corporation.

But he admitted he had been given little warning of a change which seems to herald others, perhaps far-reaching, in the nuclear industry.

It was only just before Christmas that he was asked to take on the job; that of designing and building nuclear power stations, including Sizewell B, if the long-running public inquiry finally leads to a Government green light. Pugh joined NNC from the Central Electricity Generating Board in 1982 to direct that project.

He chuckled heartily when told yesterday that his own objectives — "to build power stations on time and to programme and cost" — carried uncanny echoes of words used by Dr Franklin nine years ago when then Energy Secretary, Eric Varley, installed him as NNC's first chief executive.

Today, Pugh has still to finish three nuclear stations already overdue in 1975.

Video games

Anything Tony Benn can do, Arthur Scargill can do better. For some years, Benn has tape-recorded his speeches and interviews to check the accuracy of subsequent Press reports. Journalists arriving for the Press conference after yesterday's meeting of the National Union of Mineworkers' executive found two video-cameras already installed in the room: one to record Scargill's performance, the other, that of the Press.

Since the NUM overtime ban started on October 31, Scargill said the union had issued 27 Press statements and held 10 Press conferences. The content of each of them had been either "totally ignored" or "distorted."

Proceedings were now being filmed, he explained, because "I think it is important that our members see the kind of circus you put on each time we have a Press conference."

Observer

CUBA UNDER CASTRO

The fears behind the fervour

By Reginald Dale, recently in Havana

IN FRONT of the old U.S. Embassy on Havana's Malecon seafront boulevard, the Cubans have erected a colourful billboard with a simple message addressed to the American "imperialists." A large cartoon, illuminated by flashing lights at night, depicts an angry Uncle Sam growling across a stretch of water at a Cuban soldier with a Kalashnikov rifle. "Senores Imperialistas" the message reads, "we have absolutely no fear of you."

The sign outside what is now officially the U.S. interests section of the Swiss Embassy has been there for several years. But its message at least in Cuban eyes, has become even more pointed since the U.S. invasion of Grenada in October, which led to the death of 24 Cubans and stunned both the Havana Government and Cuban public opinion.

Relations between the U.S. and Cuba, antagonistic to the point of obsession ever since Fidel Castro seized power 25 years ago, are now at their worst since the 1962 Cuban missile crisis, or in the words of Sr Ricardo Alarcon, the Cuban Deputy Foreign Minister, at "their lowest point ever." And there is little prospect of any major improvement as long as

Relations with the U.S. are at their worst since 1962

President Ronald Reagan remains in the White House.

The Castro Government is still assessing the full implications of the Grenada chain of events, which by any standards added up to a humiliating reversal for Cuban "internacionalismo"—the policy of spreading Cuba's influence abroad. Fears of U.S. military action are ever-present in the Cuban psyche, however remote the prospect may be in reality.

In a speech last week in Santiago, the island's second city, celebrating the revolution's first quarter-century Castro won the longest and loudest burst of applause when he pledged that the Cuban people "will not tremble or vacillate if the hour comes to defend their own territory and their own lives." Indeed, there is little doubt that Cubans would fight to the death against any outside attempt to interfere in their country.

Twenty-five years of revolution have not turned Cuba into a Marxist-Leninist Utopia. The state's planning system is riddled with shortages and inefficiencies, and dependent upon the Soviet Union for massive economic support. Dissent is not tolerated and the power of the Party and its leaders is all pervasive.

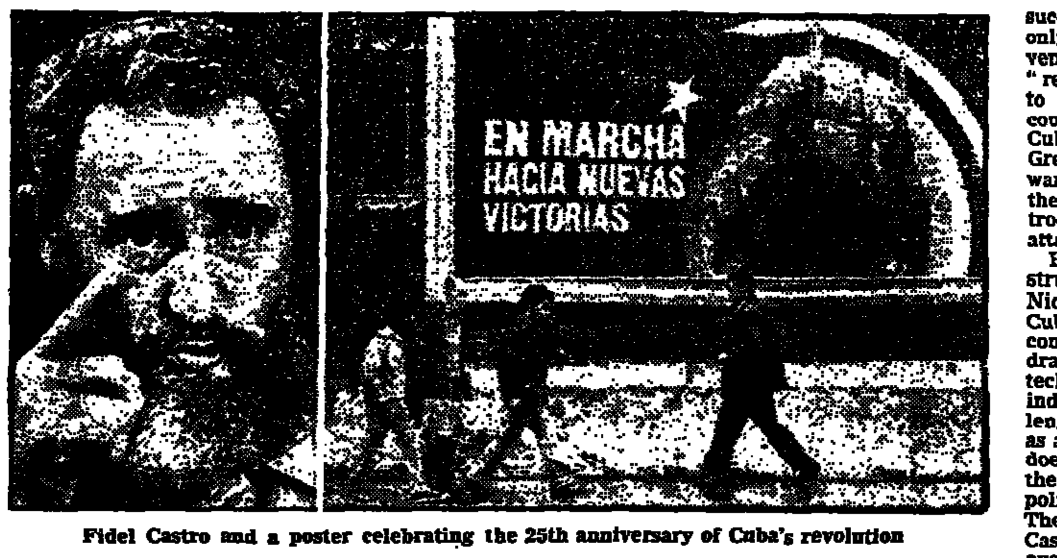
Castro was reportedly shocked when 125,000 people opted to leave the island in the 1980 Mariel boat exodus to the U.S., and he now tacitly admits that the revolution has made mistakes along the way.

But there is little evidence, despite occasional grumbles, that Castro is seen as anything other than a revered and popular leader, who has brought great benefits to his country—not least, in delivering it from "Yanqui" domination and exploitation. What serious opposition there might have been has long ago been exported to the U.S. in the shape of 1m emigrants (one-tenth of the population). The hopes of Washington officials and right-wingers that some kind of uprising can be brought about with the help of propaganda radio broadcasts from the U.S. are regarded here as pure fantasy.

By the standards of developing countries, however, the Cubans have a great deal to be thankful for. Compared with other Third World countries, at least, they are well fed, well dressed, well cared for medically, and tolerably well educated. Life expectancy has risen from 53 years before the revolution to 73.5 years today (against 74.3 years in the U.S.). Well over 70 per cent of families have television sets, and many live in rent-free accommodation.

Much of Havana, the overcrowded home of 2m people, is crumbling and decaying. Housing for many is a major problem, but there are none of the signs of abject poverty that are evident in so much of the Third World. As Castro proudly told his audience, there are no beggars, no prostitutes, no gambling and no drugs in Cuba.

He also claimed that there was no unemployment but Western analysts put the jobless figure at between 200,000 and 300,000, with considerable under-employment as well. And



Fidel Castro and a poster celebrating the 25th anniversary of Cuba's revolution

he promised major spending increases in a balanced 1984 budget.

Any analysis of the Cuban economic picture is complicated by the Government's reluctance to disclose full details of its economic relations with the Soviet Union and other fellow Comecon members.

The official figures announced by Castro earlier this month were economic growth of 5 per cent in 1983, against 2.5 per cent in 1982 with the expectation of another 5 per cent this year. Since the revolution, he claimed, the Cuban economy had grown at an annual average rate of 4.7 per cent, despite the "brutal Yanqui blockade"—the U.S. trade, travel, and financial embargo — recently further tightened by Mr Reagan.

Central bank officials claim that Cuba has been largely insulated from the world recession by the fact that 85 per cent of its total trade is conducted with the East Bloc under fixed price and contractual agreements. But that has not prevented Cuba from falling behind in the repayment of its $3.3bn debt to Western banks and governments.

Some Western economists believe that, while the Cuban economy has performed reasonably well compared to those of other developing countries, it has now reached a plateau from which it will be difficult to advance much further—the two prime reasons being the inefficiencies, bad management and bureaucracy endemic to the Communist system and a chronic over-dependence on sugar which in its various forms accounts for over half the country's economy.

Far from reducing the emphasis on sugar, the Government plans to increase production from the current 7-8m tonnes a year to 11m tonnes by the end of the century—despite the fact that world prices are now down to U.S. 7 cents a pound against over 28 cents at the 1980 peak.

Sugar can always be sold to the Soviet Union at an artificial price indexed to the cost of Soviet equipment to Cuba (currently over 55 cents a pound) or used to repay debts to Moscow (estimated at $8bn by one Western source) which starts to fall due in 1986.

The truth is that without Soviet support, Cuba's economic development, its relatively high standard of living and its social achievements would be unsustainable. The annual "subsidy" from Moscow, in favourable trade terms, is variously estimated at between $2bn and $4.5bn, not counting aid grants, soft loans and free arms supplies. And it all has a political price.

Broadly speaking, the unwritten agreement between Havana and Moscow is that Cuba must support the Soviet Union in East-West confrontations, but not necessarily in North-South clashes between developed and developing nations. That, in Castro's eyes, is a small price to pay for throwing off the U.S. yoke and one that, for a Marxist-Leninist, is easily ideologically justifiable.

But one of the many ironies of the current bitter hostility between Washington and Havana is that Castro is now advising many of his Third World allies to look to the West for development aid, rather than to an ungenerous Soviet Union. And, while Washington blames Cuba for "exporting revolution" in Central America, Havana is in fact counselling moderation to the Reagan Administration's arch-enemies, the Sandinista regime in Nicaragua and the left-wing guerrillas in El Salvador.

As Sr Alarcon explains, Havana does not believe that Central America has yet achieved the "historical and economic development" necessary for true socialism. He says he would like a negotiated settlement to the conflict which would leave a role for the local bourgeoisie, private enterprise and U.S. corporations for the time being.

Behind this is Castro's apparent belief that others should learn from the Cuban experience and not alienate those of the middle classes who are sympathetic to their cause or provoke a U.S. economic embargo.

In terms of Realpolitik, the Cubans fear that a rebel military success in El Salvador would only provoke direct U.S. intervention, set back the cause of "revolution" and possibly lead to a military escalation that could end in U.S. action against Cuba itself. At the time of the Grenada invasion, Castro clearly warned the Nicaraguans that they could not expect Cuban troops to help them if they were attacked by the U.S.

Havana is planning to restructure its presence in Nicaragua, to reduce the risk of Cuban casualties in any wider conflict. But it will not withdraw its advisers, teachers and technicians from Nicaragua—indeed it would go to great lengths not to appear to do so as a result of U.S. pressure. Nor does Havana intend to rethink the fundamental basis of its policy of "internacionalismo." There is some evidence that Castro fell out with Moscow over Grenada, where Havana had been backing the Bishop Government and Moscow the Coard faction that overthrew it. But that is not going to be enough to push Havana into Washington's arms.

Before there can be any wider settlement of their differences, both sides still want impossible preconditions from the other. Cuba wants the U.S. to pull out

Castro is advising his allies to seek aid from the West

militarily from Central America, and allow the countries of the region to pursue their own paths independently. Washington wants Cuba to abandon "internacionalismo," stop supporting revolutionary movements in Latin America and Africa and sever its links with the Soviet Union. That, Castro said last week, would be asking a price "too high for our honour and our principles."

In the meantime Havana seems to be ready to settle for half a loaf in Central America, confident that in the longer term, its revolutionary creed will triumph over capitalism in the region. But, with Mr Reagan last week accusing Castro of betraying his own revolution, and Castro calling Mr Reagan a "nazi-Fascist" the growling across the water looks set to continue unabated.

Lombard

An excess of civil servants

By Max Wilkinson

THE GOVERNMENT can now claim a substantial success in its campaign to prune back the number of civil servants. Its target of cutting numbers to 630,000 civil servants by the March budget seems likely to be achieved ahead of time. This will be a cut of 14 per cent from the number inherited by the Conservatives in 1979, and will reduce the service to its smallest size since the war.

This is one policy, at least, for which the Government can boast a wide measure of support. However, the next phase of its campaign for a further 6 per cent cut in the service by 1988 may prove more problematic.

An unrelenting policy of slashing at the Civil Service is bound to injure morale. The liquidation of top jobs has worsened promotion prospects; the flow of new talent into the service has been weakened; an increasing number of the brighter administrators is leaving for the private sector; and in some departments, like the Inland Revenue, a squeeze on numbers carries quantifiable penalties in terms of effectiveness.

All this may be thought to be a fair price for making the service leaner and fitter. But the Government cannot definitely say that the optimum size of the service is 5 per cent or 10 per cent smaller than what it happens to be.

So how many civil servants do we really need?

One way of answering the question is to look at what happens in other countries. And a recent study by the staff of the International Monetary Fund in Washington supports the view that the British Civil Service has been lavishly staffed by world standards.

The study showed that in 1980, Britain had nearly three times as many central government administrators in relation to its size and wealth as could be expected from international comparisons.

At some stage, therefore, Civil Service numbers can be expected to revert to a rising trend.

On the basis of size, population and income, the IMF estimated that the UK public sector as a whole employed 50 per cent more people in 1980 than it would have predicted on the basis of the worldwide pattern. This was a a larger "excess" than in any developed country except Sweden.

To some extent this seems to reflect long-standing British policies in, for example, health, defence and education. Not surprisingly, the 1.49m health service workers represented a much higher proportion of the total population than in any other country outside Scandinavia. Similarly the 840,000 people employed in "defence" was the third highest in relation to Britain's size and wealth of any developed country. Only the U.S. and the Netherlands scored higher.

The most striking comparison was for the size of Britain's bureaucracy. The number of people employed in "administration" was 500,000 more than the 280,000 which IMF would have "predicted" on the basis of other countries' bureaucracies.

The education service was employing 720,000 more than the 2.07m people which the IMF would have predicted, the health service employed 750,000 more than the 1.49m people predicted, and defence employed 280,000 more than the predicted number of 840,000.

None of these figures should be taken too literally, since, as the IMF cautions, the broad international comparisons do not take account of the special needs of particular countries.

Nevertheless, they do suggest that the 102,000 civil service jobs which have disappeared since 1979 represent a fairly modest cut-back and that there should be scope for further reductions.

One interesting fact in the study is that Australia and New Zealand also appear to be highly bureaucratised countries. So it may be that in those countries and in Britain a generous Civil Service is a legacy from the glorious days of the Empire. As Britain slipped into the company of poorer nations, it failed to realise that it could not afford to keep so many servants.

Government Employment and Pay: Some International Comparisons By Peter S. Heller and Alan A. Tait. International Monetary Fund Washington D.C., U.S.A.

Letters to the Editor

Confine rate-capping to non-domestic property

From Dr D. King

Sir,—As Parliament is about to consider the Government's proposals to limit rates and spending in selected local authorities, it is worth examining the case for these limits given in the White Paper "Rates." As a preliminary point, it may be noted that the overspend in 1983-84 is put at £771m. Had the Government been able to cut rates and local spending by that amount, consumer spending might well have risen by £700m or more, so the net fall in total demand could have been £71m or about 0.025 per cent. It is hard to see why the Government is so excited about that.

It claims that such a fall would facilitate lower interest rates; but in an open economy with high international mobility of capital, it is unlikely that modest changes in local spending and rates would have any noticeable effect on interest rates. It claims that the cut in rate poundages would ease any rise in the Retail Price Index, and so ease inflationary wage demands; but the effect on the index could be almost wholly offset by upwards pressures resulting from higher consumer spending. It claims that its proposed limits would help reduce public borrowing; but matched changes in rates and local spending will not of themselves reduce public borrowing at all. It argues that it has an interest in services of national importance such as the police; but surely that argument points to minimum spending levels, not maximum ones?

A more interesting argument is that lower taxes increase incentives to create wealth; but if the electors who voted the Government into office believe that to be the case, then why don't they also elect councillors who will cut high rates without central government legislation? The answer may be that this happens in many areas, but that electors elsewhere are lured into high spending by being able to put much of the rate burden on to businesses. Certainly, concern over the level of business rates is the Government's most powerful argument for rate limits.

If, however, the real problem is excessive business rates in some areas, then why doesn't the Government confine rate-capping to non-domestic property? If it did, then a local authority would be given a maximum poundage for such property, so that any further rate increases would fall wholly on domestic property. This would make high spending less tempting and should greatly reduce "over-spending." But local electors would retain the freedom to decide for themselves how much of their own money they wished to spend on local authority services. At present, this freedom is under a wholly needless threat.

(Dr) David King.
University of Stirling, Stirling, Scotland.

From the Conservative Finance Spokesman, London Borough of Lambeth

Sir,—I find it hard to accept Robin Pauley's suggestion (January 9) that rate-capping will fail to curb excess local authority expenditure in 1985-1986. He could well be right that the aggregate total of local authority expenditure may still turn out to be higher than the Government would like, but rate-capping — even if applied only to the 20 worst overspenders—will significantly reduce overspending.

Of course, the success of this exercise in reducing public expenditure depends on how large a saving the Government can realistically require councils to make in the first year of the scheme. For 1984-85, the Government has asked the big spenders to spend 6 per cent less in cash terms than they budgeted to spend in 1983-84. Mr Pauley suggests that savings of this size cannot be achieved in one year and that the Government will only be able to force councils to cut their budgets, in cash terms, by 1 or 2 per cent. I disagree. For six months in 1982 Conservatives, with Alliance support, controlled Lambeth Council. I think that we surprised ourselves at the ease with which savings could be made, and I have no doubt that had the council, now back under Labour control, paid heed to the Government's expenditure guidance last summer, the target of a 6 per cent cut in the cash budget for 1984-85 could have been achieved without the sort of savage cuts that our opponents claim would be necessary.

Those councils which have so far refused to make economies could comfortably achieve a 6 per cent reduction in 1984-85 providing that they start trying to reduce spending when the Rates Bill becomes law, instead of leaving it to the last minute.

(Councillor) Charles A. Williams
Town Hall, Brixton [illegible], SW2.

Development of Stansted

From the Planning Director, British Airports Authority

Sir, — Mr Lucking (December 31) argues for a relaxation of the limit of 275,000 air transport movements at Heathrow on the grounds that modern aircraft create less disturbance than those in use when the limit was devised. He then goes further and argues that advances in air traffic control techniques will allow aircraft to land with shorter intervals between them and thus justify the building of a fifth and even a sixth terminal at Heathrow.

Such an increase in the runway aircraft movement rate is completely contrary to the evidence given at the Heathrow public inquiry by the National Air Traffic Service (NATS) which is responsible for Heathrow's air traffic control. Indeed NATS disagreed with BAA's own assessment that a small increase in aircraft movement rates would be possible if the present environmental mode of operation — segregation of landings on one runway and departures on the other, alternating twice a day — were abandoned. No amount of wishful thinking by Mr Lucking, or anyone else, is going to make the problem of inadequate runway capacity at Heathrow go away.

That is why the BAA has proposed the development of Stansted, so that its existing long runway can play a full part in ensuring that London's airports are adequately equipped to cope with future demand. The alternative would not only damage the feeder services from regional airports, but international services as well.

Don Turner.
Gatwick Airport, Gatwick, West Sussex

Cautionary tale for thieves

From the President, Sevenoaks and District Chamber of Trade

Sir,—Shoplifting remains in the news. In Belgium some retailers have organised an independent company, Prevention et Securité. Any person caught stealing (the retailer decides) has to complete a questionnaire with full personal details. The retailer then telephones these, together with the value of the stolen goods, to a computer centre. If the shoplifter is a known thief Prevention et Securité prosecutes.

For shoplifting low value items the first-time thief can sign an undertaking not to steal again and pay a nominal fee towards administration costs. No legal action is taken until the person is caught again when the value of the stolen merchandise is also taken into consideration.

Children have to sign the same pledge and if caught again their parents are notified that the next offence would invite prosecution.

K. Martin Hoxter,
47a, London Road, Sevenoaks, Kent.

Cigarettes kill

From the Director, Action on Smoking and Health.

Sir,—Dr Geoffrey Myddelton writes from Switzerland (January 6) to say that there is no scientific justification in my statement, borrowed from the Royal College of Physicians that cigarettes kill about a quarter of their customers.

To write as he did and to talk of "unsolved mysteries" in the face of vast amounts of scientific data which is accepted by the entire medical establishment is like maintaining that the earth is flat despite overwhelming evidence to the contrary. The latter is unlikely to harm anyone. Lest any of your readers take Dr Myddelton seriously, however, let me assure them that there is probably no other subject on which the medical profession is so unanimous in its conclusions. In the words of a statement from the conference of medical royal colleges and their faculties in the UK, "Few, if any, topics in medicine have generated such serious concern in all branches of our profession as have the effects of smoking on health."

David Simpson.
5-11 Mortimer Street, W1.

FINANCIAL TIMES

Friday January 13 1984

High hopes for next week's East-West talks in Stockholm

Star billing for the only show in town

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

In happier days: Mr Andrei Gromyko and Mr Shultz 15 months ago

"IT'S THE only show in town - that's why it's getting star billing. If all the other arms control talks were continuing, much less importance would be attached to Stockholm." So one Nato official summed up attitudes towards the Conference on Disarmament in Europe (CDE), which opens in the Swedish capital on Tuesday.

The CDE's official title is the Conference on Confidence and Security-Building Measures in Europe, and although disarmament is not officially on the conference agenda, high hopes are being invested in it.

After the Soviet walkout from the Geneva Euromissile talks last month, and Moscow's subsequent refusal to agree to dates for the resumption of the Strategic Arms Reduction Talks (Start) and the 10-year-old Vienna negotiations on reducing conventional forces in Europe (MBFR), the CDE is virtually the only forum left for East-West dialogue.

All 16 Nato nations are sending their foreign ministers to the 35-nation conference, while the superpowers are using it to begin talking again. Mr George Shultz, the U.S. Secretary of State, will meet his counterpart, Mr Andrei Gromyko, for the first time since their angry and abortive meeting in the wake of the Korean airliner disaster. Other foreign ministers, including Britain's Sir Geoffrey Howe, will also meet the Soviet minister.

What those key leaders say in their official speeches will be closely scrutinised for pointers as to whether both sides will now make an effort to improve East-West relations, generally accepted to be at their lowest ebb for a decade.

It is certainly wrong to believe that the CDE itself will produce concrete results on arms control in the sense of reducing either conventional or nuclear weapons. The most that can be hoped is that the high-level political talks in the margin of the conference might ease the way to a resumption of the Euromissile talks - or, more likely, of Start and MBFR.

Those are entirely independent - and of much greater significance for easing international tension and achieving progress in arms control than the CDE, the origins of which lie in the Helsinki Final Act of 1975, the basic document that set up the Conference on European Security and Co-operation (CSCE).

The Act was signed by 35 countries - all Europe, including neutral or non-aligned states such as Sweden, Switzerland and even Liechtenstein, and the U.S. and Canada. Helsinki, spawned by the detente of the 1970s, gave final multilateral confirmation to the Soviet Union of its post-Second World War hegemony in Eastern Europe, giving the West in return some leverage over its conduct, particularly in human rights.

The Act involved three key accords, known as "baskets." Two covered trade and economic co-operation and, very broadly, human rights. The CDE has sprung from this third, which deals with relations between states, including certain military aspects of security.

The decision to convene the CDE was the one main achievement of the Madrid CSCE review conference, the second held in eight years to review progress under the Helsinki Act. The first was held in Belgrade and achieved little.

While Madrid, opening in 1980 and ending only in September last year, was often in danger of breaking down, it did finally produce quite a strict mandate for the new CDE, as well as setting November 1986 as the date for a third CSCE review conference in Vienna.

The first phase of the CDE, opening next week and lasting until 1986, is not concerned with reducing military forces or weapons. Its aim is to improve the security climate in Europe by agreeing measures that increase confidence. A second and third phase might involve actual arms reduction, but not until the late 1980s.

In the jargon, the aim is to negotiate confidence and security building measures - CSBMs - which increase "military transparency" and thus lessen the likelihood of surprise attack.

There are already some such measures in the Helsinki Act: chiefly the requirement that states notify 21 days in advance all military manoeuvres that involve more than 25,000 ground troops. There are also some voluntary ones, such as inviting observers to manoeuvres.

When the main speeches are over in Stockholm, both Nato and the Warsaw Pact are expected to table new measures for negotiation. The Nato offer, agreed but still secret, is likely, for example, to propose lowering the threshold at which notification is required and generally making many more measures - such as inviting observers - mandatory.

The CDE's mandate declares that any measures adopted "will be of military significance and politically binding and will be provided with adequate forms of verification which correspond to their content."

These words please the West, which holds, in the words of the Austrian CSCE ambassador, Dr Franz Ceska, "that the likelihood of agreements' being respected by Communist countries increases with the degree of their precision." For just those reasons, however, that aspect of the mandate may prove one of the most difficult to negotiate.

The geographical area to which the CDE negotiations apply is very much wider than under the Helsinki agreement. The mandate negotiated at Madrid speaks of "the whole of Europe as well as the adjoining sea area and air space." The West believes that means from the Atlantic to the Urals, therefore including European Russia. Under Helsinki, about four fifths of European Russia is excluded from the application of confidence-building measures.

The CDE may never get as far as really detailed negotiations. The Western fear is that the Warsaw Pact intends to use the conference as a platform for polemics rather than for serious negotiation. They expect, for example, a repetition of "declaratory" proposals made at the Warsaw Pact's Prague summit last year, which ranged from agreements on no first use of military force to the creation of zones free from nuclear battlefield and chemical weapons.

According to Nato governments, CDE is not the forum for talks on nuclear matters or on chemical warfare, which is being discussed in the one remaining arms control forum - the United Nations Committee on Disarmament - which, by coincidence, also meets next week, in Geneva.

Decision is by consensus in the CDE and no one attending it expects early progress on the substance of the conference itself. Whether the foreign ministers can use Stockholm to improve East-West relations, however, remains to be seen.

French police release UK lorry drivers

BY PAUL BETTS IN PARIS

THE TWO British lorry drivers "hijacked" by angry French farmers were released by French police last night as they were being taken to Paris by the farmers to protest to the Agriculture Ministry.

The police stepped in as a convoy of buses carrying the farmers was crossing the Pont Mirabeau. The two lorry drivers were escorted to the British embassy in the Rue du Faubourg Saint Honoré a few steps from the Presidential Palace.

President François Mitterrand had intervened personally to secure the release of the two lorry drivers, a smiling Mr Neil Kinnock, leader of Britain's opposition Labour Party, said when he emerged from a meeting with the French president.

The release of the two drivers, "hijacked" on Tuesday near Rouen by 150 angry French farmers protesting against British lamb imports and falls in the price of pork, is seen as the climax of an affair which, although given enormous prominence in Britain, has been treated as a routine event in France.

Before Mr Kinnock's meeting with President Mitterrand M Michel Rocard, the French Agriculture Minister, expressed "deep regrets" for the incident to Mr Michael Joplin, his British counterpart.

Mr Kinnock said President Mitterrand had told him that the people who took such action against lorry drivers would feel the full force of the law.

Asked if he had obtained any assurances against the repetition of such incidents, Mr Kinnock said the problem was how to prevent "spontaneous actions of crowds and mobs."

A third French lorry with a cargo of meat from Uruguay was also seized by the farmers at the same time as they hijacked the two British lamb lorries driven by Mr Les Stocker of Shrewsbury and Mr John Barlow of York.

Another meat lorry from Northern Ireland was seized on Tuesday. Its cargo was largely destroyed after farmers poured petrol on the meat and set it alight.

French police were quoted yesteday as saying they had received instructions not to intevene. This is not unusual in France, where farmers' demonstrations are frequent and often explosive.

Belgian lorry drivers yesterday retaliated against the latest French farmers' protests by blocking a French border post. French farmers have been trying to block Belgian border posts since Sunday.

After the release of the two British lorry drivers the farmers moved on to the Agriculture Ministry, where a small delegation was received by a senior official.

French farmers were indignant at reports from London claiming that the "two hostages" had been badly treated. They were treated "royally," one farmer said. The lorry drivers were given a typically Norman breakfast, which included some Calvados.

Background, Page 30

Poissy shows unions that a hard line pays

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government this week has seen the wind knocked out of its hopes of pushing through important industrial restructurings without resistance from the trade unions and their rank and file.

The violence at Talbot's plant at Poissy had already showed that shedding labour in France can be a lot more explosive than in most European countries. In one sense, Poissy was a special case, because the largely immigrant workforce, embittered by being treated as cannon fodder for French industry and with few prospects for jobs elsewhere in France, felt they had little to lose by digging in their heels.

The concessions they won over reducing the number of redundancies, and over better redundancy terms, might easily set a precedent in the shipyards or coal and steel sectors, where French workers will want no less than the immigrants at Talbot.

The Talbot affair was followed by a broadside against the Government from M Edmond Maire, head of the pro-Socialist CFDT union, for failing to consult with the unions over industrial restructuring and the redeployment of the workforce.

It was accompanied by an equally bitter attack on the Communist-led CGT union, which the Government has been using as its main intermediary in dealing with labour unrest. The CGT responded with a similar cut and thrust.

The danger for the Government in all this is that it can no longer count on CFDT acquiescence, and that M Maire might have accelerated a bidding-up between rival unions that will make the labour issues involved in restructuring much more difficult.

The administration has moved quickly to soothe union sentiments. It knows that its whole industrial strategy is based on the assumption that a Socialist government can be more radical in pruning because it has the unions' confidence. President François Mitterrand emphasised to Wednesday's Cabinet meeting the importance of continuing negotiations with the unions and he is to take the lead by seeing union leaders himself.

M Pierre Mauroy, the Prime Minister has already begun an intensive round of consultations. He is also planning more specific meetings on the most sensitive issues of steel, coal and the shipyards.

The trouble is that there are limits to what can be negotiated. Neither the Government nor employers can negotiate the number of redundancies in an industry without jeopardising the goal of cutting financial losses and bringing companies back to profit.

Substantial concessions over redundancy terms would also be costly and help to swell the budget deficit.

Senior officials concede nevertheless that mistakes over labour policy have been made and that the unions have not been sufficiently brought into the picture. In part, that has been due to institutional factors. The post of Minister of Labour was abolished during the last Cabinet reshuffle in March, and other ministers have been happy to pass responsibility over job losses in industry. At the same time, M Bernard Brunhes, the Prime Minister's special assistant for social affairs, was never replaced when he left almost a year ago.

The Government has also clearly preferred to work through the CGT as a more closely knit union whose leadership can usually keep the promises it makes. Senior officials have many tales to tell of occasions when M Henri Krasucki, the CGT boss, has been able to call off his troops while M Maire was impotent.

That privileged relationship with the CGT has been the last straw for M Maire. His outburst at the beginning of the week was a warning to the Government that unless it mended its ways it would have more trouble on its hands in the steel (where the CFDT is strong), coal and shipyard industries.

He feels the Government has turned a deaf ear to his proposals on work-sharing and that his union has also suffered the unpopularity of being thought too close to the Government. On Tuesday, M Maire said that enough was enough.

European boost for Japanese microchips

By Guy de Jonquieres in London

JAPANESE manufacturers sharply increased their share of European semiconductor markets last year, according to preliminary estimates by Dataquest, the U.S. market research company.

It puts Japanese manufacturers' European semiconductor revenues at \$340m, 57 per cent higher than in 1982. Their market share rose from 7 per cent to 10 per cent.

Their gain was almost entirely at the expense of U.S. manufacturers, whose share of the European market fell from 53 per cent to 50 per cent, while European companies' share remained stable at about 40 per cent.

The Japanese advance was based heavily on sales of microchips using MOS (metal oxide silicon), the fastest-growing integrated-circuit technology, and particularly on memory chips, in which Japan is a world leader.

Measured in dollars, the most commonly used currency in semiconductor trade, European revenues of the 25 leading suppliers grew by 6.2 per cent last year. Measured in local currencies, the growth rate was 18 per cent.

EUROPEAN SEMICONDUCTOR REVENUES OF LEADING SUPPLIERS

Company	1983	1982
1 Philips*	\$457m	\$437m
2 Texas Instruments	\$333m	\$326m
3 Motorola	\$281m	\$252m
4 Siemens**	\$252m	\$249m
5 National Semiconductor	\$159m	\$149m
6 Intel	\$150m	\$137m
7 ITT †	\$127m	\$135m
8 SGS-Ates	\$122m	\$118m
9 Thomson ††	\$120m	\$140m
10 Hitachi	\$117m	\$ 75m

* Includes Signetics European revenues
** Excludes Litronix
† Excludes STC (Stantel) in 1983
†† Thomson-CSF and Thomson-EFCIS only
Source: Dataquest

The strongest increases in European sales growth were for the four leading Japanese suppliers, Hitachi, Nippon Electric, Toshiba and Fujitsu, whose revenues in dollars rose by between 40 and 62 per cent.

Advanced Micro Devices of the U.S. increased its European sales by 25 per cent, while Britain's Ferranti scored a 20 per cent gain.

Chief among the losers were France's Thomson and West Germany's Telefunken Electronic, whose European revenues fell by 14 per cent and 11 per cent respectively. General Instrument of the U.S. also fared poorly, falling 10 per cent, while ITT's sale of its UK semiconductor subsidiary cut its revenues by 8 per cent.

Philips, of the Netherlands, remained the largest single supplier to Europe, slightly increasing its lead over Texas Instruments of the U.S. in second place.

THE LEX COLUMN

HK Land swims with the tide

The defensive cross-holdings built up by Hongkong Land and Jardine Matheson in November 1980 have never been of the slightest benefit to shareholders in either company. Even after equity accounting its investment, Land's holding in Jardine has consistently failed to cover its funding costs while, in cash flow terms, the stake has proved nothing short of disastrous.

By the middle of last year the holdings had even lost most of their defensive purpose. Few of the Chinese companies rumoured to be sniffing around Jardine and Land three years ago any longer had the resources to mount a bid, and it is unlikely that anyone with the money would also have had the inclination.

Yesterday's sale by Land of about a third of its 42 per cent interest in Jardine therefore makes perfect sense. A sufficiently large holding is being retained to deter future predators, and the proceeds will knock HK\$660m off a debt load which would otherwise have crept up to about HK\$15½bn by the end of this year.

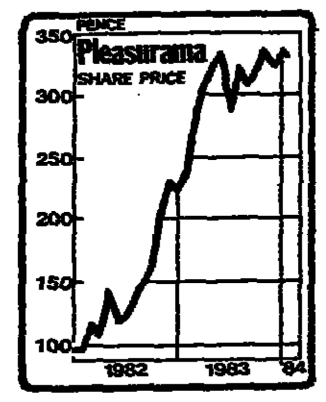
Balance-sheet gearing will suffer in the short-term, as a book loss of \$1.1bn is being taken against shareholders' funds, which totalled \$20bn at the end of 1982.

Yet, having recently arranged fresh facilities with its bankers, Land can afford to take a long-term view and shareholders will presumably be reassured by the evidence that the company's new management is attacking the financial cancer in earnest.

The timing of yesterday's sale was typically opportunistic. Foreign investors have returned to Hong Kong only in the past few weeks and the Jardine Matheson share price was standing almost 25 per cent above its end-December level when the placing was mounted.

For Land, it was evidently too good an opportunity to miss. Jardine is presumably keen to offload some of its reciprocal holding in Land, but the book loss on that would be nightmarish even after the recent market rally.

Pleasurama



As the textbooks agree, one of the gambler's hallmarks is the need for continuous gratification. Yesterday's 8p drop in the Pleasurama share price, to 330p, might seem an odd response to almost doubled profits. But, the figures apart, it is over 18 months since Pleasurama acquired Maxim's casino, and on the bid front the market has had little to feed on since then but the failure last month of the Trident deal.

But the figures - pre-tax profits for the year to September were up 80 per cent to £17.1m - do underline the remarkable cheapness of the Maxim's deal. On a contribution of £7m plus, the multiple on first full year's earnings is around 2.

The market was taken aback by the 17 per cent fall in the second-half contribution from associates - the two Grand Met London casinos. But net of associates and Maxim's, Pleasurama's full-year profits growth was around 30 per cent. There is life in the casino market yet.

This looks set to continue for as long as the Gaming Board stands by its policy of keeping the casino market as meagrely supplied as possible. In effect, the door is barred to new entrants. Conversely, Pleasurama will find it hard to spend its £17m cash pile in the way stock market gamblers would like - buying more casinos.

Hanson/London Brick

London Brick's defence document, elegantly illustrated with photographs of graffiti-chalked bricks, appears well designed to make it clear that the defending company does not take Hanson Trust's 120p offer any too seriously.

A careful choice of base-dates (at the bottom of the recession in 1980) enables London Brick to produce a diagram showing itself off as a far more dynamically growing profit earner than Hanson's brick-making subsidiary. In the same statistical spirit London Brick can even claim to have been growing faster than Hanson as a whole.

It was known that London Brick must have a substantial improvement in 1983 profits up its sleeve, but the estimate of £26m pre-tax - a 70 per cent jump - is comfortably ahead of expectations.

At this stage, London Brick is not saying anything about 1984, although it is working on a profit forecast - which will doubtless surface if Hanson decides to increase its bid. Until then, there is indeed no reason to do more.

Hanson may regard last August's 75p share price as the reference point for its offer, but nobody else does. A price of less than 10 times historic earnings is now 12p below the market, and unlikely to pull in acceptances from anyone who knows how many bricks make four.

Assd. Newspapers

The market rating of the Associated Newspapers Holdings took a sharp knock over the debacle of The Mail on Sunday's initial launch. But the rehabilitation of the shares looks well nigh complete after yesterday's 23p jump to 443p, reflecting the 37 per cent increase in the final dividend as well as an advance in pre-tax profits from £11.5m to £16.5m which exceeded the most sanguine expectations.

Lower newsprint costs have to an extent rebounded on the group by reducing the investment income from its stake in Consolidated Bathurst, which last year cut its dividend. They have further improved the newspaper division's profitability, however, which also appears to have prospered from the stronger demand for provincial advertising.

The resulting swing from newspaper losses of £2.5m to trading profits of £2.9m probably conceals continuing losses on The Mail on Sunday. Impossible to quantify, these ought now to be falling enough to promise further significant gains in 1983-84. With every prospect, too, of increased production for its North Sea oil operation, the group could earn over £20m - but if the shares are acknowledging this with a multiple around 13, on a fully-taxed basis, that leaves little in the current price for the group's 10-12 per cent stake in Reuter.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	9	48	Dubrovnik	S	11	52	Malaga	S	14	57	Salzburg	S	0	32
Akrotiri	S	18	64	Faro	S	16	61	Malta	S	13	55	Seoul	Sn	-1	30
Algiers	F	14	57	Florence	S	3	37	Manila	S	29	84	Singapore	C	28	82
Amsterdam	S	6	43	Frankfurt	C	4	39	Miami	C	24	75	Stockholm	C	4	39
Athens	C	12	54	Funchal	C	16	61	Milan	C	-1	30	Strasbourg	C	5	41
Bahrain	S	19	66	Geneva	R	3	37	Moscow	C	-4	25	Sydney	S	26	79
Bangkok	S	31	88	Gibraltar	S	14	57	Munich	C	0	32	Taipei	C	19	66
Barcelona	S	12	54	Guernsey	F	6	43	Nairobi	—	—	—	Tangier	F	13	55
Beirut	S	19	66	Helsinki	R	3	37	Naples	S	9	48	Tehran	—	—	—
Belgrade	F	-2	28	H. Kong	S	21	70	New Delhi	C	21	70	Tel Aviv	S	18	64
Berlin	C	3	37	Innsbruck	F	-3	27	New York	S	-1	30	Tenerife	C	18	64
Biarritz	C	9	48	Inverness	C	2	36	Nice	S	9	48	Tokyo	S	8	46
Blackpool	F	5	41	Istanbul	R	6	43	Oporto	F	13	55	Toronto	S	-12	10
Bordeaux	R	7	45	Jersey	F	7	45	Oslo	R	4	39	Tunis	C	12	54
Brussels	F	5	41	Jo'burg	S	29	84	Paris	R	4	39	Valencia	S	14	57
Budapest	Fg	-4	25	Las Palmas	C	19	66	Prague	C	-3	27	Venice	S	1	34
B. Aires	—	—	—	Lima	S	26	79	Reykjavik	Sn	-5	23	Vienna	S	-3	27
Cairo	—	—	—	Lisbon	S	14	57	Rio de J'o	S	41	106	Warsaw	S	1	34
Cape Town	S	23	73	Locarno	S	1	34	Rome	S	8	46	Zurich	Sn	2	36
Caracas	—	—	—	London	S	7	45								
Casablanca	S	15	59	Los Angeles	—	—	—								
Copenhagen	C	6	43	Luxembourg	C	3	37								
Corfu	S	15	59	Madrid	S	6	43								
Dublin	S	3	37	Majorca	F	15	59								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Snow Report

EUROPE

Andermatt (Sw)	50–120 cm	Worn patches still around
Cervinia (It)	50–100 cm	
Flaine (Fr)	75–165 cm	Fresh snow on good base
Ischgl (Aus)	30–130 cm	Lower slopes icy
Kitzbühel (Aus)	20– 90 cm	Good on piste
Niederau (Aus)	30– 90 cm	New snow on firm base
Wengen (Sw)	25– 60 cm	New snow on good base
Zermatt (Sw)	15– 50 cm	Good skiing on upper slopes

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col)	39– 54 ins	Packed powder
Hunter (NY)	18– 80 ins	Packed powder
Park City (Ut)	50– 92 ins	Packed powder
Squaw Val (Cal)	12–108 ins	Machine packed granular
Sugarbush (Vt)	8– 35 ins	Packed powder

Figures indicate depths of snow at base and top stations.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday January 13 1984

STATE BODY COULD BLOCK SALVAGE PLAN

Asea, Norcem seek Aker stake

BY FAY GJESTER IN OSLO

ASEA, the Swedish heavy electrical equipment manufacturer, and Norcem, the Norwegian cement group, are to acquire major stakes in Aker, the Norwegian ship and platform building group, if Aker's main creditor approves a capital restructuring agreement reached this week between the managing directors of the three concerns and representatives of the Fred Olsen interest, which until now have controlled about 75 per cent of Aker.

The deal is provisional on approval by the state-backed Ship Mortgage Institute, which has undertaken to halve its NKr 250m ($31.5m) claim on Aker if certain conditions are met.

Aker incurred heavy debts following the bankruptcy of the late tanker magnate, Hilmar Reksten, a major customer. Reksten was unable to pay for several large tankers ordered, and Aker still has claims on the Reksten estate.

Fred Olsen executives maintain that the arrangement does meet the Institute's conditions, despite the fact that it would allow the Olsen interests to retain a 31.7 per cent stake in Aker – 6.7 per cent higher than the conditions envisaged – and to pocket a substantial profit on the sale of 225,000 Aker shares to Asea and Norcem.

Critics of the proposed settlement, among them a prominent politician in the coalition Centre Party, say the concession by the Institute was meant to strengthen Aker not to enable Fred Olsen to sell part of his shareholding at a profit. Since the Institute is partly backed by public funds, they argue, it would be improper to allow private interests to benefit in this way from the debt reduction agreement.

This view is shared by the senior workers' representative at Aker, Mr Svelnung Huglen. Mr Huglen welcomes the idea of Norcem and Asea as co-owners of Aker, but believes they should acquire their proposed ownership stakes simply through a special new share issue, not – as is proposed – by a combination of a new issue and the purchase of the Fred Olsen shares.

The head of the Ship Mortgage Institute, Mr Haakon Nygaard, said yesterday he could not predict whether the Institute would approve the Aker-Norcem-Asea deal. A board meeting is scheduled for Monday and by that time the board members will have had a chance to study the proposals in detail.

Briefly, the proposed settlement would boost Aker's share capital from NKr 18.75m to NKr 30.35m. The issue of 465,000 new shares, par value NKr 25 each, at an average price of about NKr 304.5, would bring the group NKr 141.6m of new equity.

One block of shares, priced at NKr 333.33 each, would go to Norcem and Asea. These new shares together with the 225,000 old shares which the companies would buy from Fred Olsen, would give them stakes, respectively, of 25 and 20 per cent each. Other special issues would be reserved for employees and existing shareholders outside the Olsen group.

On Aker's board, after the restructuring, there would be three employee representatives, two from the Fred Olsen group, two from Norcem and two from Asea.

Although Aker's 1983 accounts are expected to show a deficit because of the costs incurred in connection with winding up some of its less profitable activities, this will be considerably less than the 1982 figure of NKr 87.5m.

The new, slimmed down Aker now comprises only six companies, all involved in oil-related activity. Last year these six made a total profit of around NKr 50m. Mr Karl Glad, Aker managing director, predicts that this year, and next, they will achieve profits of about NKr 100m. Most already have well filled order books, while Aker Verdal, the group's main platform building yard, is in the running for several large contracts

Murdoch setback in Warner suit

By William Hall in New York

MR RUPERT MURDOCH, the Australian publisher, yesterday suffered a setback in his attempts to thwart the proposed share swap between Warner Communications and Chris-Craft Industries, when a court ruled against a temporary restraining order on the deal.

The court action was one of two moves by the Murdoch organisation in the U.S. to try to block the agreement.

In the second of these, the Federal Communications Commission (FCC) has yet to respond to a claim that the share swap would bring the two companies into contravention of regulations governing local concentration of broadcasting power.

These separate actions were inspired by fears that a combination of Warner and Chris-Craft would make it difficult for Mr Murdoch to raise his stake in Warner.

Mr Murdoch has indicated that he might be aiming for control of the troubled communications company, but because Chris-Craft owns a large chain of television stations, he could fall foul of regulations limiting the joint ownership of broadcasting stations and newspapers in the same area.

In the Delaware chancery court yesterday, however, the judge ruled that the harm to the Murdoch organisation would not be irreparable and that he saw no impediment to undoing the transaction later if there were legal requirements to do so.

In a separate development yesterday, the FCC proposed to repeal its broadcast ownership rules – a move which might have implications in the battle for Warner.

HK Land to cut borrowings through Jardine share sale

BY ROBERT COTTRELL IN HONG KONG

THE HONGKONG Land Company is to raise an estimated HK$860m ($110m) by selling part of its 42 per cent stake in Jardine Matheson, the Hong Kong trading conglomerate.

Brokers say the sale of 72m shares at HK$12.30 – a discount of HK$1.40 from yesterday's Hong Kong closing price – is a private placement with unnamed institutions in London and Hong Kong. The shares represent about 17 per cent of Jardine's issue capital.

Hongkong Land says it will take a book loss of HK$1.1bn on the sale, which reduces its holding in Jardine Matheson to about 35 per cent. The placement has been arranged by Jardine Fleming Securities.

The sale is the latest in a series of exercises by HK Land – one of the world's largest property companies – to reduce its borrowings. On the last published balance sheet, for 1982, debt totalled HK$15bn, and shareholders' funds HK$20bn. In the course of last year, HK Land cancelled 10 of its 50 development projects, and sold its stake in the Hong Kong Telephone Company for HK$1.4bn to Cable and Wireless of the UK.

Hong Kong analysts wonder whether HK Land may now want to sell off its remaining shareholding in Jardine Matheson, and whether Jardine wishes to sell any of its 36 per cent shareholding in HK Land.

HK Land said last night that it plans to hold the remainder of its Jardines stake as a "long-term investment." The cross-holdings were acquired in 1980 to pre-empt a feared takeover of one or both companies. With the collapse of Hong Kong's property boom in 1982, Hongkong Land has come under increasing financial strain, reporting attributable losses of HK$514m for 1982, and HK$107m for the half of 1983.

In September Mr Trevor Bedford, HK Land's chief executive, resigned, and was succeeded in October by Mr David Davies. At the same time Mr Simon Keswick, a member of the family which founded Jardine, took over as chairman of both HK Land and Jardine.

French textile group may cut 3,200 jobs

BY DAVID MARSH IN PARIS

JOB CUTS of around 3,200 over the next three years have been proposed by Boussac-Saint Freres, the large French textiles group, in a major restructuring plan.

Planned workforce reductions at Boussac in the past have been notoriously difficult to put into effect and company officials cautioned yesterday that final decisions on the cuts would depend on talks with the Government and unions.

After a meeting between M Rene Mayer, the company's president, and trade union representatives on Wednesday, Boussac officials yesterday met M Laurent Fabius, the Industry Minister, to discuss the workforce cuts.

A crucial matter to be sorted out in coming weeks will be the amount of financial help Boussac will receive from state funds as part of the restructuring moves.

Because of controversy over large-scale lay-offs in the car, coal and steel industries, the Government is treading carefully to avoid igniting union passions over the Boussac affair. The company, 51 per cent-owned by the government-run Industrial Development Institute, was taken into indirect state ownership in 1982 to save it from bankruptcy.

Boussac at present employs around 18,000 people. In addition to cuts of 1,900 over the next three years recommended by Arthur D Little, the international management consultants, the company is also proposing shedding a further 1,300 jobs to catch up with redundancy plans announced in the past but not wholly implemented.

Boussac, which has benefited from favourable debt restructuring agreements with nationalised banks to reduce interest charges drastically, is thought to have neared the break-even point last year. In the first half of the year it made a net loss of FFr 39m ($4.53m).

Texas Oil and Gas in record first quarter

By William Hall in New York

TEXAS OIL AND GAS (TXO), one of the largest and most successful independent oil and gas producers in the U.S., increased first-quarter net income by 16 per cent to $79.5m.

The company attributed its record quarterly performance to strong gas and oil operations and increased throughput in its gas gathering systems. TXO expects net income for the current year to rise by at least 15 per cent.

In the first quarter, TXO's gas gathering revenues rose 14 per cent to $306m and oil and gas revenues rose 13 per cent to $164m. Drilling revenues were unchanged at $8.8m.

Gas gathering operations were helped by an 11 per cent increase in gas delivery volume in the first quarter, while in December, the first month of its current quarter, gas volumes were running 30 per cent up on the comparable period of last year.

Milan court opens Ambrosiano hearing

BY JAMES BUXTON IN ROME

A COURT in Milan will today begin hearing actions brought against Nuovo Banco Ambrosiano and the liquidators of the defunct Banco Ambrosiano by more than 90 creditor banks which are seeking to recover about $450m.

The legal action, divided into 16 separate suits, is going ahead despite repeated indications that an out-of-court settlement of the action, which arose out of the collapse of the late Sig Roberto Calvi's bank in 1982, is close. Such a settlement would indirectly involve the Vatican bank, Istituto per le Opere di Religione (IOR).

Sig Vittorio Grimaldi, the lawyer representing the creditor banks, which are led by the UK banks Midland and National Westminster, said he had received no instructions from his clients to do anything other than press on with the action. The judge handling the case is also anxious for a speedy conclusion.

The 93 creditor banks are suing both Nuovo Banco Ambrosiano, the successor of Banco Ambrosiano, and the liquidators of the old bank for debts incurred by Banco Ambrosiano Holding (BAH) the Luxembourg subsidiary of the Milan bank. When the Italian authorities paid off creditors of the Milan bank, they refused to pay those who had contracted their loans with the Luxembourg subsidiary, a decision which the creditors are contesting.

An out-of-court settlement of the action is likely in the next few weeks because IOR has indicated its willingness to make a payment to the liquidators of Banco Ambrosiano, even though it admits no legal responsibility for the debts of the bank. IOR signed letters of patronage for the beneficiaries of the loans made to BAH.

The payment from IOR is expected to be between $200m and $300m. The liquidators hope to add to this the proceeds of the sale of BAH's biggest asset, a 45 per cent stake in Banca del Gottardo, based in Lugano, Switzerland. A figure of $120m has been widely mentioned and buyers are said to be interested.

The exact amount which IOR pays to the liquidators could be obscured by the fact that IOR is likely to have to borrow in order to finance at least part of the payment.

Mixed fortunes for U.S. banking groups

BY OUR FINANCIAL STAFF

WACHOVIA Corporation, which owns Wachovia Bank and Trust, second largest bank in North Carolina and 32nd in the U.S., increased its operating net earnings for last year from $77.7m or $4.85 a share, to $88.6m or $5.51 a share. After securities transactions the net amounted to $84.6m against $53.4m in 1982, equal to $5.26 a share against $3.33 previously.

Earnings in the final quarter of 1983 were $21.7m before securities transactions and $20.2m after, compared with $18.8m and $11.6m a year earlier.

Net assets at the end of 1983 totalled $7.85bn compared with $6.91bn a year earlier. Deposits amounted to $5.82bn against $4.93bn, while loans totalled $3.94bn against $3.67bn.

In contrast, **Harris Bankcorp,** parent of Harris Trust and Savings Bank, third largest bank in Chicago and 33rd in the U.S., reported lower earnings for the year and the fourth quarter.

Net earnings of Harris, whose shareholders vote next Wednesday on the proposed acquisition of the bank by Bank of Montreal, fell from $35.8m to $31.3m last year, with final quarter profits slipping from $8.7m to $6.9m. Per share profits were $4.71 against $5.42 for the year and $1.03 against $1.32 for the quarter.

Assets totalled $7.34bn at the year end, compared with $7.14bn previously, deposits were $5.06bn against $4.9bn and loans amounted to $3.87bn against $4.02bn.

Harris's non-performing assets fell to $73.5m from $85.9m, and provision for credit losses increased to $18m in 1983 from $16m in 1982.

American Express, the U.S. financial services group, expects "significant improvement" in 1984 results of its 50 per cent-owned Warner Amex Cable Communications offshoot, according to Mr George Sheinberg, executive vice-president. Last year, Warner Amex's loss widened to about $80m from $50m in 1982.

But Mr Sheinberg said American Express expects no recovery in earnings of its Firemen's Fund insurance subsidiary this year.

J. P. Morgan results, Page 16

GM-Toyota deal faces Chrysler lawsuit

BY TERRY DODSWORTH IN NEW YORK

CHRYSLER, the U.S car manufacturer, yesterday launched its expected court action to try to block the proposed joint manufacturing project between General Motors and Toyota.

In a filing at the U.S. district court in Washington, Chrysler said that the venture would violate anti-trust laws. Mr Richard Goodyear, vice-president and general counsel, said the deal would have a "devastating effect on competition in the automobile market in the U.S."

Chrysler's action follows a narrow vote in favour of the project by the Federal Trade Commission despite strong complaints from GM's competitors about the anti-trust implications of the agreement. Ford and Chrysler drew attention to the fact that both GM and Toyota are the dominant car producers in their respective markets.

The two companies are aiming at a joint venture to produce a new small car, mainly for the U.S. market. The car will be mostly designed by the Japanese company, but distributed through the GM network.

Chrysler said yesterday, that it would have no objection to GM seeking a similar deal with another partner. "Our objection is strictly on the question of the size of the two companies concerned," the company said.

Chrysler added that it would also applaud a move by Toyota to invest on its own account in U.S. production in the same way as Honda and Nissan. "We believe foreign companies should share in the cost of producing a car in this country as well as the profits," the company said.

Ford has also objected to the GM-Toyota accord, saying that the FTC's approval was contrary to the law and to the long-term public interest.

REORGANISATION PLAN FOR HUGE EXPORT GROWTH

Sweden polishes up its steel industry

BY DAVID BROWN IN STOCKHOLM

SWEDEN's stainless steel industry is to close ranks in a bold attempt to unleash the potential of a decade of heavy capital spending.

A plan unveiled this week will reduce the number of stainless steel companies from four to two, cut out over-lapping production and allow a concentration of market shares to be used as a spring board for increasing Swedish stainless steel exports.

The industry lost around SKr 400m ($49m) in 1982 on combined sales of SKr 5bn, which is the level of turnover the industry expects to notch up in 1984. The hope is that streamlined production can improve operating results.

Under the restructuring plan, the Johnson group's Avesta subsidiary has paid SKr 230m each to Uddeholm – its major traditional competitor which was rescued by a government aid package last year – and Fagersta. In exchange, it received their steel operations, including foreign subsidiaries and sales companies.

The area where over-capacity is highest has thus been placed under the control of a single company. Avesta will shut "at least" one smelting plant and two cold-rolling mills, according to Mr Goran Ennerfelt, president of Johnson.

In addition, the ageing Fagersta smelting facility will be closed. It has been placed in a separate company in which Avesta and Sandvik share ownership equally.

In this way, European market shares of 40 per cent in products such as welded stainless tubing, and between 30 and 35 per cent in strip and hot rolled plate, will be concentrated within the Johnson group, Sweden's largest private company.

Sandvik, the special steels and cemented carbide group, will create a wholly owned subsidiary, Sandvik Steel, to press forward with production of mainly seamless tubes, as well as speciality strip and wire, with an expected annual turnover of some SKr 3bn almost entirely for exports.

The closures will involve huge restructuring costs which could climb as high as SKr 700m. The Government has agreed to extend some SKr 460m in special financing, consisting mainly of loan write-offs. Of this, SKr 330m is an aid package agreed over the summer to rescue the troubled Uddeholm and remove the major disincentive to industry-wide rationalisation.

Remaining costs – not least those related to the lay-off of some 1,500 workers – will be borne between Avesta and Sandvik. About 40 per cent of the lay-offs will come in the jointly owned smelting operation.

Despite the high cost, the steelmakers are gambling that the capacity cutbacks will let them realise their potential. In the 1970s, the industry invested heavily in modernisation and, with nearly 80 per cent of output now continuously cast, the country's producers are among the most efficient in Europe.

Because over-capacity is so high, the shutdowns do not imply any cuts in output. For the Johnson group, this means some 200,000 to 250,000 tonnes in ready-made stainless steel (of which 45,000 tonnes are tube products) almost entirely for export to Europe.

"We don't expect market shares to go down," Mr Ennerfelt said. "As of now, we control about a third of the European market in our products."

For Avesta the gamble – and the potential reward – is clearly the greatest. Johnson has taken the unusual step of relinquishing its exclusive control of Avesta in order to spread the risks.

While it will retain a majority interest for at least five years, Uddeholm and Fagersta's convertible notes can be redeemed for a total of 17 per cent or more of Avesta's capital. In the meantime, Avesta will make a public share issue to raise SKr 300m or 23 per cent of the total new stock.

The step is important for both Uddeholm and Fagersta in that it largely frees both from involvement in the stainless steel sector and allows them to concentrate on other priority areas.

The deal also represents the major and possibly final step in the restructuring of the Swedish special steels industry into specific product areas.

Ball and roller bearing production is concentrated at SKF, where bearing division sales in 1982 were SKr 10.4bn, and reached SKr 12.1bn at the nine-month point last year. Its low-alloy special steel division, a market leader in bearing steel, produced some 400,000 tonnes in 1982, worth SKr 2.3bn. Sales reached SKr 1.7bn at the nine-month point last year. There is some limited competition with Sandvik remaining in seamless tubing, and with Fagersta in wire products.

Swedish high speed steel operations were merged into the Klosters Speedsteel 55-45 joint venture between Fagersta and Uddeholm in November 1982. With sales of about SKr 500m and an output of some 15,000 tonnes of high speed steel, the company has about a 22 per cent European market share and hopes to break even this year.

Tooling steel production has been concentrated at Uddeholm Tooling, with sales of some SKr 1.5bn last year and about 20 per cent of the European market. Stainless strip output was merged into Uddeholm Strip steel.

The 1.3m tonnes of special steel produced last year accounted for three-quarters of total steel exports in terms of value. Special steels make up 33 per cent of the Swedish output – compared with less than 14 per cent in the UK, 20 per cent in West Germany and 16 per cent on the average for the EEC as a whole.

The newly-restructured stainless steel makers can now turn their focus away from Sweden to such competitors as Krupp and Thyssen in West Germany, and British Steel

Labor warms to foreign bank entry

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE READINESS of Mr Paul Keating, the Australian Treasurer, to grant licences to foreign banks is certain to provoke bitter resistance from the left wing of the ruling Australian Labor Party.

Mr Keating said in Melbourne on Wednesday that the Martin Committee report on Australia's financial system — which has yet to be published — recommends the issuing of four to six new banking licences.

If granted, most of the licences are expected to go to foreign banks, given Mr Keating's belief that the present system "has not served the best interests of the economy."

No time scale has been set.

Australia's four major domestic trading banks have indicated their acceptance of foreign bank entry, so long as further deregulation of the banking and finance sectors is accomplished first.

Only two foreign banks—Bank Nationale of Paris and the Bank of New Zealand—have full banking licences at present.

The entry of foreign banks was opposed in Labor's 1982 election manifesto. However, Mr Bob Hawke, Prime Minister, and his treasurer, have to date displayed unexpected readiness to liberalise the financial system. They have not been embarrassed by left-wing objections.

Mr Hawke said yesterday the matter would be discussed by the party, but added: "I wouldn't think the Labor Party was greatly indebted to the existing private banks. Looking at the experience of the Scullion, Chifley and Whitlam Governments, I don't think the private banks were entirely unassociated with the demise of those governments."

Rubbing salt in the wound, Mr Hawke said: "I don't think the Labor Party conceals any great ideological or philosophical commitment to maintaining the secure position of those particular banks."

Mr Keating claimed on Wednesday that "a strong foreign bank would mount much more pressing competition upon our domestic banks than a new Australian licensee."

A leading domestic candidate for a banking licence is Elders-IXL.

Among foreign candidates, Labor would have to balance the competing claims of banks in Asia (particularly Japan), North America and Europe.

Australia's four main trading banks are Westpac Banking Corporation, National Commercial Banking Corporation of Australia, Australia and New Zealand Banking Group, and the government-owned Commonwealth Banking Corporation.

It is not thought likely that foreign banks entering Australia would be compelled to set up expensive branch networks.

The entry of foreign banks was approved by the former Liberal-National Party Government, which lost power to Labor last March.

Although some factions of Labor's left wing were sharply critical of the Government's decision to float the Australian dollar last month, Mr Hawke's right-of-centre cabinet has successfully squashed all criticisms from the Left, and gone its own way, *irrespective* of party dogma.

Hong Kong court defers Tan fraud case

By Robert Cottrell in Hong Kong

A HONG KONG magistrates' court yesterday deferred until September 10 a committal hearing of fraud charges brought against Mr George Tan and Mr Bentley Ho, directors of Hong Kong's crashed Carrian Group.

At the committal hearing, which had previously been scheduled for February 6, a magistrate will decide whether the Crown's case against Mr Tan and Mr Ho is strong enough to merit a full high court trial. The two men were arrested in October on what prosecutors have since described as "holding charges." Mr Tan is free on bail of HK$50m (U.S.$6.4m), Mr Ho on bail of HK$1m.

Mr Tan is charged with making a false statement as a company director. Mr Ho faces a similar charge and a further one of false accounting. The charges relate to an announced sale by Carrian Investments of an equity stake in Union Bank of Hongkong. But Crown prosecutors indicated, soon after these charges were laid, that others were expected to follow.

The committal hearing was deferred at the request of the prosecution, which is expected to outline the full extent of its case against Mr Tan and Mr Ho at the September committal. Without a deferral, the laying *of new charges and the applica*tions for committal hearings could have continued piecemeal through the current year, starting with the Union Bank charges in February.

The September committal hearing is expected to last at least five weeks. Legal sources say that, if the case is sent for High Court trial, full trial may not be until 1985, and could *itself last two or more months.*

The Carrian group, whose principal interests were in property and shipping, is mostly in liquidation. Debts attributable to Carrian Group companies and companies controlled privately by Mr Tan are estimated to exceed HK$10bn. The largest creditor is thought to be Bank Bumiputra Malaysia.

Lower securities losses boost J. P. Morgan in fourth quarter

BY WILLIAM HALL IN NEW YORK

J. P. MORGAN, the fifth largest banking group in the U.S., increased fourth-quarter net income by 9.7 per cent to $126.1m. A sharp reduction in losses on securities trading was the main factor in the improvement.

For the full year, net income rose 16.7 per cent to $460m. Significantly lower net investment securities losses were also a key factor behind the year-on-year improvement in the company's performance.

Net income per share for 1983 totalled $10.52 compared with $9.53 in 1982.

The bank's total balance sheet size of $58bn at the end of 1983 was $600m lower than at the end of 1982.

This factor, combined with a 20 per cent increase in shareholders' funds to $3.3bn, led to a further sharp improvement in the group's capital ratios. Morgan's ratio of primary capital to total assets totalled 6.97 per cent at the end of 1983 compared with 5.64 per cent in 1982.

In the latest quarter the group's provision for possible credit losses rose by only $2.5m to $45m but for the full year loan loss provisions jumped from $114m to $230m.

Net interest earnings in 1983, stated on a taxable equivalent basis, were $1.51bn, 17.2 per cent up on 1982. Higher net yield and an increase of $2.1bn in average earning assets to $50bn were the main factors.

Non-interest operating income in 1983 rose 48 per cent to $557.9m. Higher fees, foreign exchange trading profits and commissions were the main contributors.

For the full year net investment securities losses totalled $5.5m compared with $118.6m a year ago.

Non-accrual loans, net of charge-offs, at end 1983 totalled $557m, which was down from the $634m at end September 1983, but up from the $377m at end 1982.

A change in the classification of non-accrual loans applicable to all New York State chartered banks means that the size of non-accrual loans is $251m lower than it would have been under the old system.

Philippines cancels foreign exchange dealers' licences

MANILA — The Philippines Monetary Board has cancelled the licences of 114 foreign exchange dealers because of clear indications that many of them were involved in black market currency operations. It said that to allow them to continue would be to protect the black market.

According to the Central Bank the cancellations would effectively put out of business all official money changers except banks, some first-class hotels and a few major department stores that might have customers with foreign currency or travellers' cheques.

After the peso was devalued last June the Philippines' financial and economic situation worsened.

The government has been trying to halt the black market in foreign currency which is estimated to handle as much as U.S.$5m a day in Manila and near the U.S. navy and air force bases north of the capital.

The government raised the amount that authorised dealers had to hand over to the Central Bank each month in order to keep their licences. It rose to $100,000 at the end of October from $50,000 at the end of June. This reduced the number of dealers from nearly 440 to 114.

The Central Bank said there had been "clear indications that many of the remaining foreign exchange dealers are themselves engaged in black market operations."

It said "the amount of foreign exchange these dealers turn in to the banking system is insufficient to justify the seal of legitimacy given to them to allow them to continue operating."

The Philippines is trying to build up its foreign currency reserves in an effort to restore its economic and financial position in the face of foreign debts totalling about $25bn.

Reuter

Myer Emporium makes A$34m bid for Boans

BY OUR SYDNEY CORRESPONDENT

MYER EMPORIUM, Australia's largest department store chain, has made an A$34.8m (US$31.3m) takeover offer for Boans, the Perth-based retailer.

Myer already controls 19.9 per cent of Boans after a purchase of shares from the Boan family.

Myer is offering A$10.75 per *share, which outstrips an existing offer of A$9 from Parry* Corporation.

Boans is the largest retailer in Western Australia. In the six months to September 1, it lost A$292,000. The Boan family still controls 20 per cent of the stock. Parry holds about 3 per cent.

● An Australian federal court judge has imposed a temporary halt in the transfer of an Elders IXL frozen food unit to Adelaide Steamship (Adsteam) food offshoot, Petersville Industries, **reports Reuters from Melbourne.**

In an action brought by the Trade Practices Commission (TPC), the court found that Petersville was in breach of the anti-monopoly section of the trade practices act in purchasing Elders' General Jones company.

The counsel for the TPC told the court that the acquisition of General Jones had given Petersville 90 per cent of the frozen vegetable market, up from 40 per cent, and sought an order to block the sale.

The judge said it had been established that the conduct of Petersville was in breach of section 50 of the Act, the anti-monopoly section, and deliberate actions by the company placed it in a position to dominate or control the market.

Elders sold General Jones to Petersville without obtaining TPC clearance on January 4 for an undisclosed sum estimated *by share market analysts* at about A$50m (US$45m).

● Meanwhile in Wellington, Brierley Investments, the New Zealand company owned by Ron Brierley, has agreed to a merger with Bunting under which Brierley will offer nine of its ordinary 50-cent shares for every 10 Bunting ordinary 50-cent shares.

With Brierley trading at 495 cents before the announcement, the bid valued Bunting shares at 445 cents. Value of the merger was put at NZ$116m (US$75m).

The announcement said that companies are involved in complementary investment and management roles in a wide range of industries. Mr W. B. Barnes, the Bunting's chairman, said the merger enhanced prospects for overseas expansion.

The merger, subject to the approval of the Examiner of Commercial Practices, will require the issue of 23.5m Brierley shares and will lift the company's capital to about NZ$82m.

If it goes through, Mr Bruce Judge and Mr P. D. Collins, Bunting directors, will join the Brierley board.

Colt profits doubled

By Our Financial Staff

COLT INDUSTRIES, the diversified U.S. manufacturer, doubled fourth-quarter net profits to $30.6m or $1.23 a share, against $14.5m or 59 cents last time. Revenues rose sharply to $417.8m from $329.4m. This took 1983 profits to $99.2m or $4.01 a share on revenues slightly higher at $1.58bn against $1.51bn.

In 1982 the group suffered a loss of $161.4m or $6.33 a share after in*cluding a loss of $243.9m or $9.57 a* share from discontinued operations.

Frank B. Hall

FRANK B. HALL, the third largest U.S. insurance broker, has cut its quarterly dividend by 41 per cent following a sharp setback in its earnings.

The next dividend will be 25 cents a share payable on February 8. This compares with previous dividends of 42.5 cents paid since the second quarter of 1982.

In the first nine months of 1983 Frank B. Hall earned $10m against $20.87m in the corresponding period of 1982.

Continental spin off

BY OUR NEW YORK STAFF

CONTINENTAL GROUP, the world's leading diversified packaging company, is to spin off its two largest European subsidiaries. The company is planning stock market quotes for its German and Dutch subsidiaries and expects to sell up to 40 per cent of the equity in the two companies to local investors later this year.

Schmalbach-Lubeca GmbH, headquartered in Brunswick, is West Germany's largest can manu*facturer, operating over 20 plants* and with revenues of $470m in its last financial year. Deutsche Bank is advising on the local share offering.

Thomassen and Drijver-Verblifa, based in Deventer, Holland, is the leading Dutch can producer. It had revenues of $380m last year. Continental is being advised in this instance by Amro Bank.

Continental acquired the two companies in the late 1960s but now feels that it would like to sell a minority stake in them to local investors. It says that the restructuring will give both companies more operational flexibility while allowing both to maintain close ties with Continental as continuing members *of its worldwide packaging family.*

Mr R. Philip Silver, president of Continental's packaging operations, said yesterday that the move was part of a long-running trend to bring local partners into Continental's overseas activities.

Japanese brokers cleared to sell Ginnie Maes

TOKYO — The Finance Ministry has told leading Japanese securities houses that they can sell U.S. Government National Mortgage Association (Ginnie Maes) bonds in Japan as they are considered negotiable securities under the domestic securities trading law.

Institutional and individual investors here are showing increasing interest in high yield U.S. securities, and brokers are expected to start offering them.

GNMA bonds, representing small housing mortgage loans issued by banks and put together and guaranteed by the Association, yield between 1 and 1.5 percentage points more than U.S. Government bonds. Their maturity is usually seven to 12 years.

Outstanding GNMA bonds totalled US$144bn at end-August 1983, held mainly by banks and pension trusts.

However, GNMA bonds have the disadvantage of monthly interest payments and possible, sudden redemption if all or some of the borrowers decide to repay before maturity.

Since these characteristics increase the office work of Japanese securities houses the minimum trading lot in Japan will have to be substantially higher than the $25,000 minimum in the U.S.

Reuter

Yoko Shibata adds: the Japanese securities houses plan to purchase Ginne Mae bonds through subsidiaries in the U.S., and to sell them to institutional investors.

The security industry plans to bring them in as lucrative products replacing the zero-coupon bond which gain "explosive" popularity in 1981. *Japanese brokers also plan to introduce a Ginne Mae Trust Fund, featuring a high yield.*

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A hard drive to lift efficiency

HI-TON INTERNATIONAL, a Birmingham-based engineering components manufacturer, opened a small company with just 11 people in Leicester last October. It achieved flexibility from its workers of a kind many industrial managers dream about.

"One bloke who ran three machines asked if he could have a fourth; now he's asking for yet another. And they come back at weekends to cut the grass and clean the windows. I don't need to tell you it's a highly profitable operation and full of work," says Alan Carter, the chairman.

He attributes this co-operative attitude to the size of the company — and also to the fact that all of the workers had been faced with failure in the past, and were carefully picked.

Hi-Ton's experience is described in a survey of changing working practices conducted among 40 companies by the magazine Works Management, which circulates to 23,000 managers in industry.

Peter Chambers, its editor, argues that many areas of British industry have improved productivity, but others are still crying out for reform. "The most wasteful practices still exist," he says. His most extreme examples of change, however, might curdle the blood of union officials who feel that increased efficiency can easily slip over into exploitation.

Some companies have even cut holiday entitlement by 25 per cent, reduced standard times (on which bonus is calculated) by 2½ per cent, or eliminated all unpaid leave and pay for overtime. Chambers argues that although these seem excessively tough, they have been justified by management and accepted by employees.

One West Midlands company has tied the productivity bonus —one-third of total earnings— to attendance: an employee loses it if he or she is more than four minutes late. It also now pays the bonus only on saleable finished products.

The discipline has been tough, but the company was able to offer higher rewards because it had fewer employees doing more work. Wage costs per tonne have not increased for four years.

"We don't expect a backlash — having rooted out the trouble-makers, we've got the right people. If we ever get busy again, it'll be custom and practice to do the job right," says the senior production manager.

The improvements in efficiency adopted by a range of companies include:

- Tightening discipline and timekeeping, with much less abuse of tea breaks, washing-up time and the like.
- Wiping out all, or most, unnecessary overtime, including the "one-in, all-in" system of having to give overtime to large numbers of workers when only a few are needed.
- Eroding demarcation, horizontally between jobs and vertically between skill levels, and improving work flexibility.
- Rationalising — in many cases, eradicating — special payments for heavy or dirty work, unmeasured work and samples.
- Cutting out bonus for unexceptional performance (by tightening standards, for instance).

Conflict

- Tightening production and quality targets, often while introducing automation or more productive equipment.

On the negative side, the survey quotes what it calls "confessions" from managers in six companies who have been unable to achieve the improvements they would like.

These show that: worker flexibility still lags behind other countries; some employees are still a law unto themselves over timekeeping; some managements are giving away extra holidays or money in order to reach agreement on moves towards "sensible" working practices; and that some are afraid to make changes because of the conflict they think will ensue.

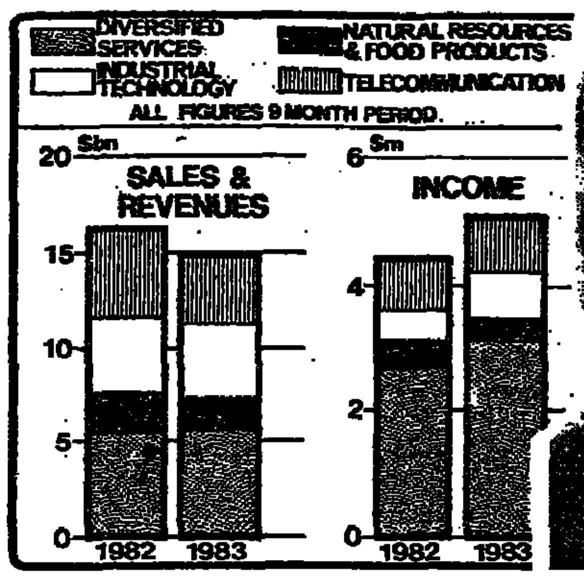
Chambers highlights overtime as "perhaps the most abused work practice in Britain." It is still too often a bonus selected on employees' whim which gives the company unneeded extra output or none at all, he says. Some companies which banned overtime when sales were at their lowest have since returned to old practices.

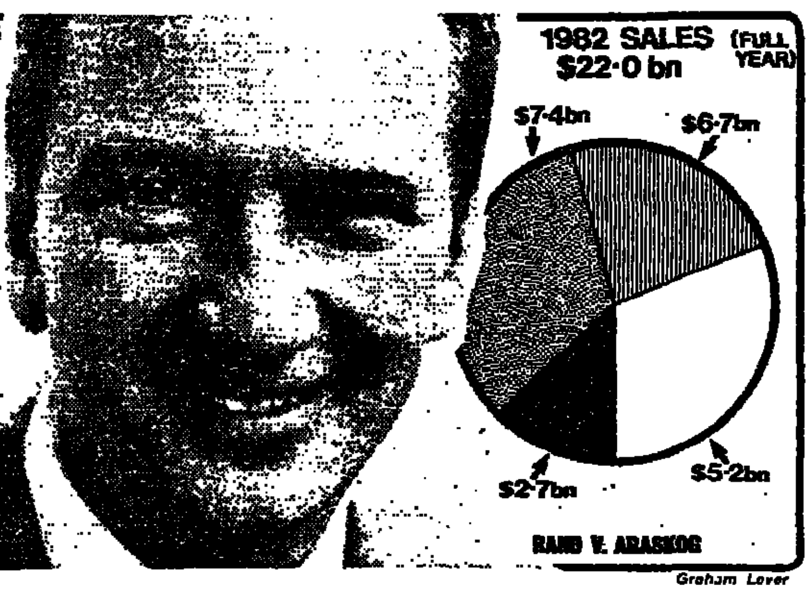
Works Management; Franks Hall, Horton Kirby, Kent DA4 9LL.

Brian Groom

The challenge facing ITT

Paul Taylor ponders on the U.S. giant's ability to boost profits





RAND V. ARASKOG

Graham Lever

RAND ARASKOG is a man with a mission. It is almost four years since he became chairman of ITT. In that time he has reshaped the management and operations of the $22bn-a-year multinational whose products range from advanced digital telephone switches to insurance, car parts, grass-seed and Wonder bread.

Now the 52-year old chief executive has the main building blocks of his management strategy in place and appears ready for the real challenge—turning ITT into the profit generator he believes it could, and should, be.

When Araskog took over as chairman of ITT in January 1980 he inherited more than a patchwork quilt of companies built up by the almost legendary Harold Geneen; he inherited a set of problems to match.

The "Geneen Machine" had effectively stalled. ITT, which had grown from a small telephone company into the world's biggest industrial conglomerate with operations in nearly 100 countries, appeared to be floundering.

Weighed down with the debt assumed to finance an unparalleled string of acquisitions, profits and virtually all the financial performance ratios had plunged. To cap it all the company had a serious "image problem" caused by the political scandals in the early 1970s.

Araskog, a long-serving ITT line manager, set out, as he says himself, "with confidence" to turn ITT round and prove wrong the critics, who wondered if any one man would manage the Geneen empire.

Over the past four years he has:

- Quietly divested more than 55 companies with aggregate sales of over $2bn and book value of $1.2bn, generating gains of over $200m. This cut costs and reduced worldwide employment from 348,000 to around 270,000.
- Totally restructured the company's extensive European consumer electronics and other businesses and split ITT's operations into four clearly defined "stand alone" internal units or "corporations."
- Decentralised decision-making, further streamlined headquarters staff, cutting the numbers in New York from a peak of 4,000 to 1,100 and, in the European headquarters at Brussels, from a peak of 1,800 to 400, and appointed a new team of four young managers to run recently formed internal management corporations, reporting directly to the chairman.
- Boosted R & D spending from under $0.5bn to over $1bn a year, $600m of which is internally funded.
- Cut the debt-to-equity ratio from 45:55 to around 39:61.
- Stabilised earnings, revamped the planning process and set the company's first real long-term performance targets.

Araskog says he has had three major goals since assuming leadership of the company.

The first was to concentrate on the areas where ITT has "a significant competitive thrust, where we are a substantial participant in a market place, not a weak one, not a follower but one that was in the forefront." Where segments of ITT's empire failed the test and "we could not see how to get there" they have been sold off or closed down.

The second objective was to emphasise high technology throughout the corporation. Not only in the telecommunications business where ITT has developed the System 12 digital switch or in consumer electronics where ITT's West German operations have pioneered digital television, but also by automating the group's Hertford insurance activities and having the first fully automatic reservation system in the Sheraton hotel subsidiary.

The third major objective was to aim for what Araskog terms "a very high integrity of quality of product." As far as he is concerned that extends past product testing and careful pre-launch planning to what he calls "management integrity."

To these general objectives can be added his specific financial targets. Among these are a debt-equity ratio at around 30:70 "within five years," a 5 per cent return on sales compared with just under 4 per cent currently, and a return on equity of around 18 per cent (11.5 per cent last year).

To date, Araskog's ITT stewardship has essentially been spent preparing the groundwork for these targets. The latest nine month earnings, showing a 9.1 per cent net earnings decline to $391.4m (£280m) on sales and revenues of $15bn (£10.7bn), compared with $16.3bn in the same period last year, have yet to reflect fully the turnround.

For full-year per share earnings—after a third quarter rise of 22.5 per cent and a prediction by Araskog of further improvement—are likely to be only 5 per cent down at around $4.50 a share on sales of $21.5bn. And while these figures reflect last year's sale of a majority stake in ITT's UK subsidiary, Standard Telephones and Cables, ITT's share price is riding at a 12 month high of around $59.

Araskog says no major asset sale is planned, though some analysts say ITT Natural Resources Corporation, one of the four new management groups, looks like a possible collection of saleable companies.

"ITT should not rest on its laurels," says Harry Edelson of First Boston, adding, "I think it would be a good idea to sell." Larry Baker of E. F. Hutton who, like Edelson, has been recommending the stock, agrees. "If ITT sold Rayonier the proceeds could be used to reduce debt or plug gaps."

The absence of a major asset sale obscures the extensive restructuring and "down-sizing," particularly in Europe where dozens of companies have been sold or closed down.

Despite the European reorganisation 40 per cent of ITT's sales, 30 per cent of its assets and more than 50 per cent of its operating income still come from Europe—and it is here that the strong dollar really hurts.

The quiet but radical restructuring has been matched by a reshaping of the management philosophy, and indeed management of ITT.

Araskog, in sharp contrast to Geneen, is a convinced decentralist. Decision-making and corresponding responsibility has been pushed down the revamped line management structure.

For the past four years Araskog has worked closely with his two vice-chairmen, Richard Bennett and James Lester, who have effectively acted as chief operating officers, dividing ITT down the middle.

But both Lester and Bennett reach the compulsory retirement age of 65 next year and Araskog, in a characteristic move to avoid a power vacuum, has already appointed four new senior line managers who report directly to him.

Lester and Bennett will not be replaced. Thus, in one move, Araskog will have further streamlined the ITT management structure. Also by appointing youthful management with an average age of just over 50 years old, and since he expects to remain chairman "for some time," he has established a potentially lengthy and stable period of senior management.

Araskog also insists on being told immediately about anything which affects "the image of the company." He complains, with visible anger, that he was not told immediately about an incident last year when a former ITT employee tried to blackmail the company for $2m in return for destroying documents alleging that an ITT division violated the Iranian boycott during the U.S. hostage crisis in 1980.

The other major area in which Araskog insists on direct control is over the allocation of central corporate resources for research and development.

Emphasis on R and D and on improving ITT's technology is another of Araskog's key features. He believes passionately that ITT, to compete, must be a leader in high technology, and recognises that ITT had been falling behind. So, for each of the past four years ITT has spent in excess of $1bn a year on R and D.

Among the products to emerge from this surge in R and D expenditure is digital television from ITT's West German operations, ITT's first desk-top personal computer (announced last month) and the company's flagship product—the System 12 digital telephone switch.

Araskog smiles at accusations that he is "betting the company" on System 12. If it flops "it would be a disaster," he admits. But ITT had little choice if it wanted to remain in the telephone switching business, particularly in Europe.

So far, the company claims firm orders and commitments for over 4m lines and 1,000 System 12 exchanges in 15 countries.

But Wall Street believes the real test of ITT's new technology will come in the fast-expanding U.S. telecommunications market following the break-up of American Telephone and Telegraph.

The restructuring which places all telecoms equipment development and manufacturing business together and creates a new "international telecommunications team," integrating work in the U.S. and Europe, is part of ITT's response to the challenge.

However, Araskog believes the key to the internal reorganisation is not the telecoms group, but the creation of ITT diversified services.

This division is ITT's fastest-growing group and now accounts for around 37 per cent of group sales and over 60 per cent of earnings. It brings together Hartford Insurance, the expanding financial services group, the Communications, Operations and Information Services Group (which sells everything from telephone and telex services to yellow pages) and electronic databases and the Sheraton hotel chain.

But while Araskog reckons the consumer orientation of this group provides real possibilities for "synergy," some Wall Street analysts see it as the greatest potential short-term risk.

Although Hartford has succeeded to date in avoiding many of the current problems of the U.S. insurance industry some analysis, like Herb Goodfriend of Prudential Bache, see the property-casualty insurance business as a slightly uncertain factor for ITT. Nevertheless, he, too, believes ITT, under Araskog, could be on the verge of an earnings pick-up.

But there are still hurdles to overcome. If Araskog succeeds in his mission he will be remembered not only as the man who turned ITT around and gave it an identity but also as the man who perhaps helped restore Wall Street's faith in diversified conglomerates.

CONTRACTS

£3.2m work for Walter Lawrence

WALTER LAWRENCE & SON has begun work on a contract awarded by the Metropolitan Police to construct a divisional transport garage, workshop and offices at Aitken Road, Catford, London SE6. The scheme which is scheduled for completion in March 1985 will cost £3.2m. The project consists of the erection of a garage, workshop and offices. Although all the buildings are linked, the garage/workshop block consists of a basement garage, and has ventilation shafts and ramps, on top of which sits the workshop, with floor level above ground level, and access by way of ramps. The office building has a basement and four storeys, and includes a plant room with tank and lift motor rooms at four floor level.

★

Contracts totalling in excess of £1.2m have been awarded to the London and Northern Group subsidiary, BORDER ENGINEERING CONTRACTORS of Whitehaven, Cumbria. In four contracts in Whitehaven worth £725,500, Border will build factory units at Sneckyeat Road for English Industrial Estates Corporation for £356,644 and 10 bungalows will be built at Moor Row in a £243,318 contract for Copeland Borough Council. A further two contracts totalling £125,500 will see the refurbishment of the Northern Rock Building Society offices and roads and sewers work at Midgey for Copeland Borough Council.

At Workington, three contracts worth £223,300 have been awarded for the construction of club premises at Harrington for the Royal British Legion, foundation work at British Leyland at Lillyhall for Howair and alterations to form offices in John Street for the Transport and General Workers Union.

In Carlisle, Border will carry out improvement works at Victoria Place for Burnetts (Solicitors) and construct a chill rom for Cavaghan and Gray in two contracts worth £93,400 and, in the Border district, a mains extension, Glenlochan to Mains of Ducrae, will be constructed for Dumfries and Galloway Regional Council for £52,991. William Huddleston and Sons, a Border Engineering subsidiary, has been awarded a £127,714 contract for the conversion of shop units at Cheapside, Lancaster for First Major Assets.

★

TURRIFF CONSTRUCTION has been awarded a contract by Redditch Borough Council for the refurbishment of 44 dwellings at Batchley Road, Redditch. The contract is worth £383,000 and work is due to finish in 26 weeks after a late January start.

★

ROTHEROE & MITCHELL has won a £750,000 contract from China to supply its "Simslim" instantaneous respirable dust monitor, an electronic unit that provides direct readout of air pollution. The instruments will be used to monitor airborne pollution in China's expanding coal industry, and in other industrial sectors, such as quarrying, pharmaceuticals, food and steel making. Part of the contract covers transfer of technology to the Chinese for manufacturing under licence.

★

SEALCRAFT (UK) of Morley, West Yorkshire, has won orders from two North-East local authorities worth a total of over £125,000. Newcastle City Council and Sunderland Metropolitan Borough Council want the company's Ttotalseal Silicone Tube Weathersealing system installed in a total of 800 properties. This will involve the compression sealing of casement and pivot windows and doors in wood, metal or plastic, to prevent draughts and heat loss, equivalent to 18 Mw of power per year for the 800 properties.

★

Ward White Group subsidiary, G. R. BRITTON, has been awarded a Ministry of Defence contract worth over £2m for the supply of high leg combat boots and a smaller quantity of ankle boots. The combat high leg boot was first introduced by the Ministry of Defence in 1981 and was designed to supercede the conventional ankle boot which had been used by the Army for many years. Delivery will be over the next 12 months.

★

Six contracts for work in Greater Manchester and Nottingham, totalling nearly £3m, have been won by ROWLINSON CONSTRUCTIONS of Poynton Cheshire. Rowlinson will build 60 flats in Bolton and Marple, Stockport, and refurbish 237 homes in Manchester, Stockport and Nottingham. The largest contract, worth £1.07m, is for Stockport Metropolitan Council and involves repairs and improvements to 157 homes.

★

COSTAIN AUSTRALIA, two-thirds owned by the British Costain Group, has won a construction management contract, worth about £52m (A$80m), for stage 1 of a £260m (A$400m) residential and commercial development in South Yarra, Melbourne for the Jack Chia Group. Stage 1 includes construction of two apartment buildings, an office tower and a centre featuring a motel, serviced apartments and a leisure centre, situated over a car park and surrounding a landscaped area. Work could begin in April, and be completed in late 1988. This the largest construction management contract Costain has won in Australia.

COMPANY NOTICES

RAND LONDON COAL LIMITED

NOTICE OF SCHEME MEETINGS
IN THE SUPREME COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION)
IN THE MATTER OF THE APPLICATION OF
RAND LONDON COAL LIMITED ("THE APPLICANT")

NOTICE IS HEREBY GIVEN that in terms of an order of the Supreme Court of South Africa (Witwatersrand Local Division) dated 10 January, 1984 in the above matter, that the Court has ordered the following meetings to be held [illegible]

[illegible]

A. J. BEHRMANN
[illegible]
2500 Sanlamsentrum
Jeppe Street
Johannesburg, 2001

13 January, 1984.

COPENHAGEN TELEPHONE COMPANY LIMITED
(Kjøbenhavns Telefon Aktieselskab)
U.S.$ 12,000,000 8¼% EXTERNAL LOAN 1970/85

Bondholders of the above loan are advised that the final redemption due 12th February 1984, U.S.$600,000 nominal has been effected by the drawing of all outstanding bonds.

Privatbanken A/S
Copenhagen, Denmark
13th January 1984

JAMES BEATTIE PLC

NOTICE IS HEREBY GIVEN that the 5% Preference Share TRANSFER BOOKS of the Company will be closed from the 24th to the 31st January, 1984, both dates inclusive.

By Order of the Board,
G. T. LOWNDES,
Secretary.

71-78 Victoria Street,
Wolverhampton.

GRANGES AB
THE GRANGESBERG COMPANY
U.S.$15,000,000 6½% Loan 1969

S. G. WARBURG & CO. LTD., announce that the annual redemption instalment of Bonds due 15th February 1984 [illegible] U.S.$5,000,000 nominal amount of Bonds will remain outstanding after 15th February, 1984.

30, Gresham Street,
London, EC2P 2EB
13th January, 1984

THE WELLCOME FOUNDATION

U.S.$20,000,000 8½% BONDS 1987

The annual report and accounts of The Wellcome Foundation Limited for the financial year ended 27th August 1983 will be available for inspection at the offices of [illegible] 35 Basinghall Street, London EC2V 5DB, during the usual business hours on any weekday (Saturday excepted) until 10th February 1984.

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UK COMPANY NEWS

Associated Newspapers £5m ahead

A SHARP swing back into the black by its newspaper and magazine interests enabled Associated Newspapers Holdings to lift its profits by some £5m over the 12 months ended September 30, 1983.

On a £33.28m rise in turnover to £295.37m the group, publisher of the Daily Mail and Mail on Sunday as well as a string of provincial titles, pushed its pre-tax figures up from £11.47m to £16.46m.

At the trading level, the newspaper and magazine interests returned profits of £2.93m, compared with previous losses of £2.53m.

The group's North Sea oil activities, however, were less profitable. Here, profits fell from £5.97m to £4.8m, although other activities increased their contribution by £1.07m to £3.11m.

Earnings for the year, pre-extraordinary items, advanced from 24p to 44.3p and a final dividend of 7.5p (5.9p) lifts the net total by 1.6p to 12p per 25p share.

Pre-tax results were struck after adding in a similar share of earnings of related companies of £2.68m, against £2.72m. Income from other fixed assets investments of £2.96m (£3.81m) and net interest receivable this time of £723,000, compared with previous charges of £468,000. Amounts written off investments rose by £656,000 to £734,000.

Tax charge was reduced from £4.19m to £3.01m and included a credit of £2.87m relating to prior years arising principally from the offset of agreed tax losses of certain subsidiaries.

Profits after tax emerged at £13.46m (£7.23m) to which minorities added £12,000 (£14,000) and extraordinary credits £1.34m, against £1.8m.

Extraordinary items consisted of profits on the sale of properties and investments, less tax.

At the available level there was a surplus of £14.8m (£9.09m) from which dividends absorb £3.65m (£3.16m). Transfer to reserves totalled £11.16m (£5.93m). The final dividend will be paid to shareholders on the register at January 26. Payment will be on February 24.

Associated Newspapers, which raised its half time pre-tax profits from £5.38m to £7m, is also joint-owner of The Standard, London's only evening newspaper.

Allowing for current cost accounting group pre-tax profits for the year came through at £13.8m, compared with £8.3m, and on the same basis earnings per share amounted to 35.5p, against 13.5p.

The directors, headed by Lord Rothermere, chairman, say the method of accounting for inflation is currently being reconsidered and that it is likely that significant changes will be reflected in a future accounting standard.

Accordingly, they have decided that the auditors should not be required to give an audit opinion on the current cost accounts in their report for 1983.

The figures for the year to end-September 1982 were audited at that time and the figures for the year under review have been prepared on a comparable basis.

See Lex

HIGHLIGHTS

Lex looks at the Hong Kong equity market in the light of rising prices and yesterday's news that **Hongkong Land** has disposed of its stake in **Jardine Matheson**. The column then moves on to comment on the state of play in the casino sector where **Pleasurama** reported some impressive full-year figures yesterday. On the bids scene **London Brick** sent out its defence document to shareholders with a substantial profits rise forecast. Finally Lex assesses the latest results from **Associated Newspapers**.

Multitone Electronics advances to £453,000

FOLLOWING A surge in trading profits from £33,000 to £527,000 taxable profits of Multitone Electronics advanced from £126,000 to £453,000 in the first 26 weeks to September 30 1983 (27 weeks).

With earnings per 25p share rising by 1.1p to 1.9p the interim dividend is being lifted from 1p to 1.05p net. For the previous year a total of 2.52p was paid from taxable profits of £1.31m and stated earnings per share of 5.4p.

Turnover of the group—which designs and makes specialised communications systems—for the 26 weeks moved ahead from £7.28m to £9.91m. Pre-tax profits were arrived at after interest payable of £9,000 (receivable £93,000) and exceptional relocation costs of £365,000 (nil).

Tax took £166,000 (£21,000) and there were extraordinary debits of £103,000 (nil) for additional closure costs of the Ottawa development unit.

The directors say that in the normal pattern of the company's business, sales for on-site systems are higher in *second half than in first while sales* of wide-area equipment vary in accordance with timing of deliveries against large contracts.

In the previous year, sales of wide-area equipment benefited mainly the second half, thus accentuating the imbalance, the directors say, while this year they have benefited mainly in first half. It is likely therefore that second half turnover of current year will not differ significantly from that in first.

● comment

Some of the more optimistic City analysts will have to cut their full year predictions for Multitone by £½m. The group has taken the full cost of relocating its research and development department at Basingstoke straight in at the top line. Adding that back puts profits up to £818,000 at the pre-tax level and judging by the chairman's remarks the second half is not going to be much better than a repeat performance. Historically Multitone has shown a bias towards the second half. So if full year profits are going to come out around £1½m, before relocation costs, the prospective p/e on a 36 per cent tax rate is 19½ at 147p. If you take a harsh view, and strip out relocation costs and fully taxed profits, the earnings multiple flies up to 33. Even though the price has come back a long way from its peak of 200p in 1982, the shares could be in for a further period of relative weakness. Still, most of the company's problems have been inflicted upon it from outside—namely by the manufacturer of the chips for its wide area paging system. Not only did Multitone lose orders but it lost credibility. The company is not ex-growth and any price weakness could offer a buying opportunity on a long-term view.

Pleasurama surges 80% to £17m with boost from Maxim's

MAXIM'S Casino in London has made a full year's trading contribution at Pleasurama, which is reflected in an increase of 80 per cent in pre-tax profits to £17.1m for the year to the end of September 1983, compared with £9.51m.

Turnover of this company, which is engaged in the leisure industry, expanded by £11.04m to £33.36m.

The net final dividend has been effectively lifted from 2.88p to 4.75p, which raises the total from the equivalent of 3.75p to 6.5p, after adjusting for a one-for-one scrip. For the third year in succession, the directors propose a one-for-one scrip issue.

Earnings per 5p share expanded from an adjusted 17.05p to 30.88p.

The directors say that Maxim's acquired in March 1982, performed exceptionally well, but its business, as with all London casinos, can be volatile. Earnings from the company's provincial casino division, consisting of 17 casinos, advanced over the previous year.

Leisure activities, comprising dance units, amusement centres, catering and bars and a dolphinarium, also enjoyed another successful year.

Associated companies' profits from the Ritz Casino and the Casanova Club showed an increase of 14 per cent in the year and while this was a smaller advance than in previous years, the directors say it was a "satisfactory performance" with regard to changes in the London casino licensing situation.

Associates' profits came to £4.77m, against £4.2m, and were added to sharply increased trading profits of £12.33m, against £5.32m.

At the half-way stage, pre-tax profits climbed from £3m to £8.22m—the directors pointed out then that results from Maxim's were not present in comparative figures.

At September 30 1983 group cash resources and short-term investments amounted to £16.6m—the directors are confident that the company is well placed to take advantage of future expansion opportunities.

A professional valuation of group properties at year end disclosed a surplus of £18.1m. A conservative revaluation of interests in associated companies, which have previously been shown at original cost plus share of retained profits, showed a further surplus of £12.5m.

Tax came to £9.02m (£5.06m) *including £6.5m (£2.86m) for* Pleasurama Group. Extraordinary debits amounted to £109,000 (£80,000) leaving the attributable balance up from £4.39m to £7.97m. Dividends will absorb £1.72m (£978,000).

See Lex

No plan to bid for Royal Bank says Lloyds

By Mark Meredith

Lloyds Bank has assured The Royal Bank of Scotland Group that it does not plan a takeover of the Scottish bank.

However, both banks still disagree on the price Lloyds should pay for Royal's stake in Lloyds and Scottish—the issue that triggered off rumours of a new takeover bid for Royal last month.

Sir Michael Herries, chairman of Royal, told the AGM yesterday that at a meeting last Thursday, Sir Jeremy Morse, chairman of Lloyds, confirmed that there was no plan to increase its shareholding after suddenly raising its stake from 16.37 to 21.34 per cent on December 20.

The Lloyds move last month again put Royal at the centre of takeover speculation after the protracted rival bids in 1981 from Standard Chartered Bank and the Hong Kong & Shanghai Bank which were rejected by the Monopolies and Mergers Commission.

Lloyds increased its share as part of negotiations on the sale of Royal's 39.9 per cent stake in Lloyds and Scottish, a finance house specialising in instalment credit and leasing.

Lloyds has been aware for some time that Royal would not be averse to disposing of its holding in Lloyds and Scottish at a suitable price, but felt that at present it would be unable to offer a price which Royal would find acceptable. Over the coming months Royal will continue discussions with Lloyds to see if agreement can be reached on a price.

Sir Michael said Royal has made it clear to Lloyds that the increase in its holding is unwelcome, he added, coming as the plans to merge Royal with its English subsidiary, William and Glyn's get under-way.

In March 1981 Lloyds increased its stake in Lloyds and Scottish to 49.9 per cent, buying shares at 200p, and later increased this to 60 per cent, at the same price. The bank made an offer, which has since lapsed, for the rest of Royal's stake at 200p per share.

Lloyds and Scottish raised £70m through a rights issue last March which is understood to have affected the talks on a price.

Yesterday's meeting endorsed Royal's plans to carry out its merger through an Act of Parliament at the end of the year. Sir Michael said the creation of one bank was the best way of ensuring a successful future for Royal as an independent fifth force in UK banking.

Earlier, Sir Michael said that for modest recovery to continue, it will be important that 1984 sees a revival in both investment and in exports.

He added, there are signs of such a revival and the best guarantee of further progress will lie in increasing profitability.

New look Fitch Lovell shows 43% increase

PROFITS OF revamped food group Fitch Lovell increased by 43 per cent from £5.3m to £7.5m in the 26 weeks to October 29 1983.

Now without Key Markets, West Gunner, Fitch Lovell Poultry and its Marine Farming operations, all sold in the first half, the company achieved its profit on total sales of £249.38m.

Including £36,000 (£729,000) from discontinued operations, taxable profits of the group were £7.63m against £6.02m. For the comparable period last year turnover was £390.23m.

Shareholders are set to receive a higher interim dividend of 2.5p, a *15 per cent increase on last* year's 2.17p which was followed by a final of 5.83p (3.97p).

With more than £50m available from disposals, Mr Geoffrey Hankins, chairman and chief executive, says the group is aiming to "substantially increase" its returns through acquisitions and development of growth businesses. In November, it expanded its meat processing operations, a strong performer in the first half, by the acquisition of W. A. Turner.

Also, the absorption by Blue Cap of PH Foods, acquired last October, is proceeding well, Mr Hankins states.

However, some existing activities have not reached the level of profit which Mr Hankins *believes can be achieved*, and they represent an opportunity for the future. He adds that efforts are being concentrated on the areas that have proved successful, and in which he sees the most potential.

In the first half, frozen food *manufacturing and distribution* profits were held back by high potato prices but should benefit in the second half. Results in specialist distribution were mixed.

Further progress, contrary to the national trend, was made on the cash and carry side. Although bacon processing and distribution suffered from weak market conditions in trading profits quarter it showed a marked improvement in the second three months.

In the year to the end of last April the group achieved profits of £14.6m (£10.33m) on turnover of £804.15m (£739.49m).

Incorporating the discontinued businesses, interim profits included interest receivable of £944,000 (payable £1.62m), and share of associated companies of £255,000 (£227,000). Tax for the period took £2.02m (£1.37m), preference dividends £15,000 (same), ordinary dividends will take £1.72m (£1.46m), which will leave a retained *profit of £3.87m (£3.18m)*. Earnings per 20p share are given as 8.27p (6.91p).

● comment

After the extremely bullish statement from Fitch Lovell's chairman, Geoffrey Hankins, in the annual report, shareholders could be forgiven for expecting a little more than the 4.7 per cent increase in trading profits of continuing businesses up from £5.76m to £6.03m. Of course the hefty interest gain on the £50m cash received from disposals will ensure a satisfactory improvement at the year end to around £16.5m pre-tax compared with £14.6m. But having pulled out all the stops in the defence battle to ward off *Linfood (now Dee)* last year, growth prospects appear only moderate and the share price at 177p is considered fully valued by analysts — unless a new bid emerges. The prospective PE on a 27 per cent tax charge is around 10. The company is casting around for acquisitions and a couple of deals should be announced before the end of the year. Fitch Lovell is unlikely to stray outside of the areas it is now in. Acquisitions are likely to be on the scale of W. A. Turner the meat products manufacturer with a £1m annual profits bought last November.

Polly Peck merger near

Terms of the long-promised merger between Mr Asil Nadir's Polly Peck, Cornell and Wearwell companies will be announced "within a short space of time," Mr Nadir told shareholders yesterday.

Polly Peck is now in a "most exciting year" and expansion is expected to accelerate and continue, he added.

Speaking at the Wearwell shareholders' meeting, he said: "We anticipate another good year."

Polly Peck earlier announced a 135 per cent rise in pre-tax profits to £24.69m in the year ended September 3, 1983 on turnover nearly tripled to £62.2m.

Ratners cuts first half losses

BETTER CONTROLS on overheads and margins, together with retail sales responding well to marketing efforts, helped bring about a cut in taxable losses at Ratners (Jewellers) from £1.1m to £373,000 in the first six months to October 6. This compares with profits of £750,000 in the previous second half.

The interim dividend is being maintained at 0.67p net—for the previous year a total of 2.3p was paid.

Turnover for the six months—representing net sales to customers outside the group, exclusive of VAT—advanced from £10.51m to £11.49m. Tax took £85,000 (net credit £175,000), for ACT written off and there were extraordinary pre-tax profits on the sale of property of £252,000 (£108,000). Dividends absorb £199,000 (same).

Mr L. M. Ratner, chairman, reports that the more buoyant sales pattern continued through the all-important Christmas period. During the five weeks preceding Christmas a sales gain of 12 per cent was achieved, giving the directors confidence that realistic profits will be reported for the full year.

The group carries on the business of manufacturing, wholesaling and retailing jewellery. A subsidiary also trades as an ophthalmic optician.

Samuel Heath

Samuel Heath & Sons reports lower interim pre-tax profits and the directors say the company will be hard pressed to equal the £447,000 outcome of the last full year. This is despite a mild resurgence in some activities since the start of the second half.

For the six months to September 30 1983 taxable profits were down at £156,000, against £174,000, on a turnover up to £1.94m from £1.44m. Tax took £81,000 (£90,000).

Eagle Star new business reaches worldwide record

Eagle Star Group, currently in the process of being absorbed by BAT Industries, has announced record new life business results for 1983 in respect of its worldwide business—a feature common to almost all UK insurance companies.

New annual premiums worldwide rose nearly 30 per cent from £41m to £52.7m, with all of this improvement coming from its UK business. Here new annual premiums were 44 per cent higher at £39.1m against £27.1m.

The group, through its strong building society connections benefited greatly from the changeover last April to the new system of crediting tax relief on mortgage interest known as MIRAS. New annual *premiums* on mortgage related contracts increased from £1.6m to £13.9m and accounted for most of the UK improvement. However growth was also recorded in sales of other life contracts, notably on term assurance contracts and on building society linked savings schemes.

New annual premiums on the group's pension business remained unchanged on the year. Premiums on self-employed pensions rose by half to £1.2m and by one-quarter on group life contracts to £4.3m. But this was offset by a 13 per cent drop in group pensions premiums to £8.3m.

Worldwide single premium business fell last year from £96m to £85.1m, primarily because the UK figures fell substantially. The situation in 1982 of a number of guaranteed income bond holders converting their bonds did not arise last year. However, single premiums on group pensions and group life business climbed nearly 40 per cent from £9.9m to £12.5m. Eagle Star is as yet, not in the linked life field and did not benefit from thet buoyant sales last year of this type of business.

Heavitree Brewery

Slightly lower pre-tax profits, down from £627,000 to £614,000, are reported by Exeter-based *Heavitree Brewery for the year* to October 31 1983. At the interim stage, profits had fallen from £290,039 to £215,737.

The final dividend is increased from 17p to 18.4p, for an improved total of 25p compared with 23.6p. Group turnover for the year rose from £4.04m to £4.4m.

Tax took £358,000 against £319,000, and there were extraordinary credits of £34,000 (£62,000). Earnings per £1 share of this "close" company were lower at 43.9p (58p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Newspapers	7.5	Feb. 24	5.9	13	10.4
Daily Mail Tst.	22.5	Feb. 29	20	34.5	32
Thomas French	4.5	—	3.75	7.5	6
Fitch Lovell int.	2.5	Mar. 30	2.17	—	8
Heavitree Brewery	18.4	—	17	25	23.6
Jones Stroud int.	2.5	April 7	2	—	6‖
Kenning Motor	4†	—	3.75	6.5	5.5
Muirhead	3	—	2	5	4
Multitone int.	1.05	—	1	—	2.52
P.H. Industrials int.	1.75	April 6	1.5	—	5
Pleasurama	4.75	April 6	2.88*	6.5	3.75*
Standard Securities	2.2	—	0.19	3.2	0.19
Stead & Simpson int.	1.5¶	Feb. 24	1	—	4.25
Symonds Eng. int.	0.27¶	—	0.22	—	0.79
Ratners int.	0.67	Mar. 7	0.67	—	2.3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted companies. ¶ To partly reduce disparity. ‖ Included 0.5p special.

Ulster Investment Bank rises by 24% to I£3.4m

Ulster Investment Bank, the merchant bank subsidiary of Ulster Bank, reports a strong 24 per cent increase in after-tax profits to I£3.4m for the year ended September 30 1983.

UIB, whose parent is itself a subsidiary of National Westminster, does not disclose its tax charges but these are generally assumed to be low because of the bank's strong role in tax-based lending to Irish industry.

Total assets grew by 22 per cent to £607m and deposits were up 26 per cent to £547m. Overall lending grew at a lesser rate—*13 per cent—reflecting* the slowdown in demand due to the recession in Irish industry.

Chief executive Mr David Went attributes the improved profit position partly to a lower bad debt provision. This had been achieved by close monitoring of clients, the appointment of investigative accountants and timely management re-structuring which had avoided receiverships in most cases.

The investment management division also reported an improved year with funds under management totalling £425m at the year end. Money market operations during the year were *described as "very profitable"* and the bank reported significant new funds and corporate activity from Northern Ireland.

In his report, Lord Killanin, the UIB chairman, says he hopes the improvement in the international economy would lead to a resumption of the high level of overseas investment in Ireland.

UIB paid the Irish bank levy, which this year cost it £249,000. Lord Killanin says he hopes the government would stick to its target of phasing out the levy over the next three years.

Pennine Resources £0.3m loss at interim stage

Pennine Resources incurred a £261,000 taxable loss in the six months to September 30 1983. No comparable figures have been given.

The loss was struck after unrealised losses arising from currency fluctuations of £59,000, and extraordinary advice expenses regarding the Ivorbeam offer, of £25,000. Interest receivable was £129,000 and other income totalled £1,000. There was no tax for the period.

As at September 29 1983 the company had the following investments: Sweetwater prospects (33 per cent) in Wyoming, U.S.; Seahawk U.S. land programme (24 per cent); joint venture programme with Bush Exploration Co. at a cost of $30,000 per month until July 1984.

The chairman states that the concern about Sweetwater, which resulted in a substantial writedown of its value last March, still persists. Attempts to promote this prospect by the managing partner still continue, he says.

He adds that four 5,00 acre blocks offshore Louisiana, part of the Seahawk portfolio, are particularly promising.

He says that it is the company's strategy to improve its oil and gas portfolio, taking every chance to enhance its value. Additionally, the company intends to sek out mature venture capital prospects in the U.S. with an above average risk reward ratio. Substantial funds are available to promote this programme, he says.

A move in this direction was recently taken through the acquisition of a 33 per cent interest in Geo Science Eng Inc for $125,000 and providing at the same time an overdraft guarantee for a similar amount.

LADBROKE INDEX
796-801 (+10)
Based on FT Index
Tel: 01-493 5261

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	125	+1	6.4	5.1	7.3	9.5
158	117	Ass. Brit. Ind. CULS	137	+1	10.0	7.3	—	—
78	62	Airsprung Group	77	—	6.1	7.9	22.0	22.0
38	21	Armitage & Rhodes	28	—	—	—	—	—
280	141½	Bardon Hill	280	—	7.2	2.6	11.4	23.2
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
200	198	CCL Ordinary	198	—	5.0	2.5	4.5	6.3
151	121	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
190	100	Carborundum Abrasives	190	—	5.7	3.0	—	—
249	100	Cindico Group	100	—	17.6	17.0	—	—
63	45	Deborah Services	51	—	6.0	11.8	27.3	44.3
188	75	Frank Horsell	186	+2	—	—	—	—
175	75½	Frank Horsell Pr Ord 87	175	+1	8.7	4.9	7.4	10.1
69	38	Frederick Parker	38	—	7.1	18.2	2.4	3.9
39	32	George Blair	32	—	—	—	—	—
80	50	Ind. Precision Castings	69	—	7.3	14.6	13.9	17.2
230	134	Isis Conv. Pref.	230	—	17.1	7.4	—	—
121	61	Jackson Group	121	—	4.5	3.7	6.3	12.4
237	169	James Burrough	235	—	11.4	4.9	13.0	23.6
329	275	Minihouse Holding NV	325	+10	4.6	1.2	13.8	15.2
176	117	Robert Jenkins	117	—	20.0	17.1	13.6	9.1
74	50	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	74	Torday & Carlisle	74	—	8.6	11.5	—	—
440	385	Trevian Holdings	438	—	—	—	8.5	8.1
17	17	Unilock Holdings	17	—	1.0	5.8	11.1	14.2
90	65	Walter Alexander	86	—	6.4	7.5	6.1	8.2
276	240	W. S. Yeates	240	—	17.1	7.1	3.7	7.7

UK COMPANY NEWS

Kenning Motor confident as profits reach target

IN LINE with the forecast made at the time of the rights issue last June, pre-tax profits of the Kenning Motor Group totalled £11.75m for the year to end-September 1983.

This was an improvement of £3.45m over last year's restated figures and was achieved on a turnover of £326.38m, compared with £287.89m.

The profits comprised Europe £6.51m (£1.78m) and Zimbabwe £5.24m (£6.52m).

Trading conditions in the UK are continuing to increase which the directors, headed by chairman Mr H. Oxspring, consider should further improve throughout the year.

They say they are determined to take advantage of this situation and add that, provided the decline profits from Zimbabwe is not more than anticipated, they are hopeful of achieving increased profits for 1984.

Earnings for the year under review rose from an adjusted 13.4p to 19p and a final dividend of 4p, as forecast, lifts the total by 1p to 6.5p net per 25p share on the enlarged share capital.

Trading in the UK continued to improve during the second six months and showed an increase of £1.6m over last year. The motor division made "substantial" progress but overall, the result was "still unsatisfactory."

However, progress is still being made and Mr Oxspring is confident that a further major improvement will be achieved this year.

Profits from Kenning tyre services were considerably above the record set the previous year, but the directors do not anticipate an improvement in the current year.

Although Kenning car hire returned higher figures, they did not reach the level anticipated due to a deterioration in used car prices which occurred in September. The division is expected to continue its improvement this year.

Kenning Car Hire (Ireland) achieved the expected improvement but the trading position of Kennings SA France was materially affected by the sudden downturn in the economy in the last quarter of the year and a loss was incurred.

Further acquisitions overseas, in both traditional and leisure fields, are being negotiated although they are not as large as the U.S. acquisition.

Group profits for 1982-83 were struck after deducting interest of £1.59m (£1.91m), stock financial charges of £55,000 (£83,000), depreciation of £9.75m (£9.45m), hire of vehicles and equipment £2.23m (£900,000) and exceptional items of £32,000 (£587,000).

Interest received added £413,000 (£253,000) and associates' share of profits of £2.26m (£2.92m).

Tax accounted for £4.57m, against a previous £3.42m, and minorities a same-again £12,000.

Pre-tax profits for the opening six months improved from £2.46m to £4.9m.

● comment

Kenning's results are fairly much as expected—profits from Zimbabwe have been dented by currency translation while Europe is staging a strong recovery despite the French subsidiary. This year profits growth will inevitably be sluggish and shareholders must expect some earnings dilution after last summer's one-for-three rights issue. Whereas last year Zimbabwe profits were hit by exchange movements the current year is likely to see a real decline in local trading. Hopefully a further upturn from the UK motor division and car and van hire plus a maiden contribution from the U.S. acquisition should tilt the scales to a small profits advance overall. Two more acquisitions are on the stocks and likely to be finalised within a few weeks. One is in Kenning's traditional motor business and one will be in the leisure sector. This time Europe is the target area rather than the States. France is the most likely for expansion though Kenning is not saying as yet. The shares have had a good run over the last year, coming up from a low of 77p to 135p where the yield is 7 per cent. Perhaps the only question mark is the acquisition programme. Kenning's management is yet to establish a track record—but then they have to start somewhere.

Footwear boosts Stead & Simpson

AN 85.7 per cent advance in footwear retailing profits, together with a maintained recovery trend in motor trading, resulted in an overall 77.7 per cent increase in interim profits at Stead & Simpson from £957,000 to £1.7m.

The improvement in footwear turnover has continued into the third quarter, rising by 17.5 per cent, the directors state. In the first six months to September 30 1983 turnover in this sector rose by 16 per cent to £15.94m (£13.74m) and profits climbed from £799,000 to £1.48m.

Motor trading turnover, in the period, was 13 per cent higher at £10.37m (£9.17m) and profits moved ahead by 20.2 per cent to £292,000 (£243,000). Group pre-tax profits were struck after interest charges, less investment income, of £75,000 (£85,000).

To partly reduce disparity the interim dividend is lifted by half to 1.5p net, but the directors expect to at least maintain last year's final payment of 3.25p.

After a first-half tax charge of £680,000 (£390,000), net profits were £1.02m (£567,000). There was a profit on the sale of properties, based on a 1982 valuation, of £50,000 (£24,000).

Dabwain, engaged in ceramics, which was acquired last May has not been incorporated in the accounts because the business is still in its formative stage and profits are not anticipated until early 1985.

Thos. French 25% dividend lift after profits exceed £2m

EXPANSION has continued at Thomas French and Sons, the Rufflette curtain products group, with significant interests in electronic component distribution. And the dividend is being lifted by 1.5p to 7.5p net, with a final of 4.5p.

In the second half the group has achieved a profit of £1.14m, and this gives a total of £2.2m for the year ended October 1 1983, compared with £847,000 previously. Turnover expanded from £18.48m to £23.1m.

On prospects Mr T. J. French, chairman, says he believes that, with reasonable trading conditions, the group can make further progress in the current year. In view of the strong financial position the group will continue to seek suitable acquisitions.

Mr French says that of the many satisfying features of the year's trading he was "particularly pleased" with the rapid growth of the Tekdata subsidiary, which is now a major profit contributor. The company has gained from the boom in the computer industry to which it supplies electronic components, including floppy disk drives. New products and acquisitions are being sought to develop the business further.

The traditional business in Rufflette curtain products has performed well both at home and overseas, and benefited from continuing gains in productivity and efficiency. "With the public's increased spending power in the household furnishing market this business should continue to prosper," the chairman states.

The InHome subsidiary has introduced a number of new products for the home improvement specialist retailing sector and much improved its distribution. It should also benefit from the strength of consumer spending.

After tax £904,000 (£442,000) and minorities £102,000 (£29,000), the net attributable profit came to £1.21m (£376,000) from which is deducted extraordinary charges £20,000 (credit £188,000). The dividend cost £281,000 (£225,000). Earnings were 32.2p (10p) per share.

Muirhead rises after second half recovery

IMPROVED pre-tax profits, up from £1.22m to £1.55m, are reported by Muirhead, the Beckenham-based manufacturer of electro-mechanical devices and communications equipment, for the year to September 30 1983. At halfway, profits had fallen from £759,000 to £605,000.

In his last annual report, Sir Raymond Brown, the chairman, predicted that the year would see a "strong imbalance" of sales and profits, with a poor first half but substantial improvements in the second half.

The final dividend is increased from 2p to 3p net for an improved total of 5p compared with 4p.

Group sales for the year advanced from £30.38m to £31.15m, and trading profits rose from £2.33m to £2.49m. The pre-tax figure was after interest charges down from £1.11m to £947,000. Tax took £300,000 against a credit of £214,000, and minorities accounted for £75,000 (£82,000). There were extraordinary losses of £221,000 against £642,000.

Earnings per 25p share were lower at 13.8p (15.9p).

Dividends absorb £425,000 compared with £339,000, leaving retained profits up from £367,000 to £524,000. On a current cost accounting basis, pre-tax profits were £877,000 (£323,000).

P. H. Industrials 28% ahead

IMPROVED first half results and "very encouraging" second half trading are reported by P. H. Industrials. Pre-tax profits grew by 28 per cent from £98,481 to £126,460 for the first six months to the end of October 1983.

The net interim dividend has been held at 1.5p. In the last full year a total of 5p was paid from pre-tax profits of £306,000.

First half earnings per 25p share moved up from 2.41p to 3.78p.

Commenting on the results, Mr David Walsh, chairman, says that with the benefit of internal growth they are actively seeking acquisitions.

Much of the increased turnover—up from £706,369 to £911,464—resulted from expansion of manufacturing and storage space. This Cambridge-based company is engaged in specialist joinery manufacturing and shopfitting.

The company has increased its capacity for standard shopfitting and joinery product range as well as its range of PVC doors and screening systems. In addition, Mr Walsh says, the new metal working section, which provides components for security screens and architectural ironmongery, has helped expand its client base, which includes major retailing groups, building societies, banks and various parts of the DHSS.

Tax amounted to £52,490 (£51,210). The directors say that as a result of tax charges reduced by capital allowances, net profits were ahead by 56 per cent from £47,271 to £73,970. Preference payments took the same again at £380 and ordinary payments will take more at £34,025 (£29,164).

Taddale Investments holds 42.5 per cent of ordinary shares.

Baker's Stores lifts profit

A RECOVERY from a slow start to trading in the second half enabled Baker's Household Stores (Leeds) to lift full-year taxable profits to £827,741 against £752,677. But the directors warn that turnover in the first quarter of the current year has been disappointing, although it is too early to forecast interim results.

The final dividend for the year to October 1 1983 is increased from 1p per 10p share to 1.35p net, giving a higher total payment of 2p, compared with 1.65p. Earnings per share were 10.42p (9.33p).

Turnover for the year was £6.84m against £6.14m. Tax took £306,587 (£286,297) leaving an attributable profit of £521,154 (£466,380). Dividends absorb £100,000 (£82,500).

The directors of this self-service store operator which sells non-food merchandise, say second-half trading picked up as summer weather improved. Trading profits for the period were 50 per cent up on the corresponding six months and pre-tax profits were higher at £331,000 (£282,000).

COMPANY NEWS IN BRIEF

Jones Stroud growth

The expectation of profits up from £2.73m to at least £3.1m for the year ending March 31 1984 is confirmed by Jones Stroud (Holdings). The dividend total is put at not less than 6p, which is equal to last time's payment when taking into account the special anniversary 0.5p.

In the half-year to September 30 1983 turnover of the group—which makes fabrics, accessories and materials for the textile and electrical industries—advanced by £2m to £16.95m and the profit before tax rose from £1.32m to £1.56m. The trading position continues to improve steadily, say the directors, and the second-half profit will exceed that now reported.

After tax £627,000 (£495,000), extraordinary debit £90,000 (£17,000), and preference dividend £55,000 (same), the net profit attributable to the ordinary is £779,000 (£757,000). Earnings are 9.5p (8.37p) per share and the interim payment is lifted from 2p to 2.5p net.

Hales Properties

Higher pre-tax profits of £318,000 against £298,000 have been shown by Hales Properties Group for the six months to the end of September 1983. The net interim dividend has been lifted from 1.3353p to 1.5p—in the last full year a total of 3.4167p was paid from pre-tax profits of £514,000.

Sales of this holding company, which is principally engaged in development, investment, and dealing in property in the Midlands, moved ahead from £332,000 to £427,000. Rental income grew from £315,000 to £330,000.

Pre-tax profits included interest receivable of £25,000 (£2,000) but were struck after interest payable of £38,000 (£31,000). Tax amounted to £167,000 (£152,000), and earnings per 25p share improved from 4.98p to 5.35p.

Howard and Wyndham

The directors of Howard and Wyndham have announced that no dividend will be paid in January 1984 on the 9 per cent convertible cumulative redeemable preferred shares 1999, and 9 per cent special convertible cumulative redeemable preferred shares 1999. Preferred dividends were last paid by this publisher and retail jeweller for the accounting period ended June 30 1979.

Standard Securities

Pre-tax profits of Standard Securities rose to £1.21m for the year to September 30 1983 against £716,000, following forecasts at the interim stage of a satisfactory increase over the corresponding year.

Most of the improvement for this property investment and trading company, however, came in the first half. Taxable profits for the second six months were £536,000, compared with £569,000.

The final dividend is raised to 2.2p from a single 0.19p, giving a total of 3.2p net. Earnings per 25p ordinary share were lifted to 6.26p from 4.85p.

Net rental income for the year dropped to £1.64m (£1.66m) and net trading income was also down at £667,000 (£701,000). Other operating income amounted to £9,000 (£73,000). Tax took £464,000 (£192,000).

Net asset value is given as 193p, or 186p fully diluted.

Sir Michael Edwardes, incoming chairman of ICL, will join the company as an executive director with effect from April 2, together with Mr Michael Sorkin, an executive director of Hambros Bank.

Mr Malcolm Strath, chief surveyor, has been invited to join the board as an executive director with effect from February 8.

Murray Northern

Net asset value per 25p ordinary and B ordinary share of Murray Northern Investment Trust totalled 165.8p at November 30 1983, compared with 141.7p at May 31, 1983.

Profits for the six months ended November 30 amounted to £143,027 (£256,782), after deducting expenses of £72,758 (£50,897) and tax of £140,608 (£169,043). Earnings for the year to May 31 1984 are estimated at 2p (1.88p).

Revenue received after payment of interest was sharply lower in the first half as a result of the higher level of gearing compared with the same period last year. Some loans are now being repaid and revenue in the second six months "will improve." An interim dividend of 0.6p (same) has already been paid and it is intended to at least maintain the year's total at 2p.

Abbey Panels

Despite a £103,000 drop in redundancy payments to just £2,000 Abbey Panels Investments saw its pre-tax profits fall from £307,000 to £184,000 for the year to September 30 1983.

Depreciation was much the same at £826,000 (£823,000) but staff costs were reduced to £2.78m (£3.09m) and directors' remuneration to £111,000 (£117,000). Investment income rose by £46,000 to £67,000 and interest payable was cut to £56,000 (£80,000). There is again no dividend.

The company is engaged in project design and manufacture of major assemblies for space, aerospace, defence and nuclear engineering programmes.

Owen & Robinson

Owen & Robinson, jeweller and silversmith cut pre-tax losses from £20,186 to £14,354 in the six months to November 30 1983.

The directors say every effort is being made to return to profit but first half results do not justify the payment of an interim dividend. Last year's interim of 3p net was followed by a 7p final when full year losses totalled £3,901.

Group turnover for the opening period rose from £465,003 to £483,155. There was again no tax charge, and an absence of extraordinary items which last time credited £33,280.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Peter Black, Thom EMI, Henry Wiglall.

Finals: Dewhurst and Partner, Werner Holidays, Webber Electro Components.

FUTURE DATES

Interims—	
Home Farm Products	Jan 22
Nagpaned	Jan 27
Newmark (Louis)	Jan 26
Finals—	
Bootham Engineers	Jan 25
G.T. Asia (Sterling) Fund	Jan 23
Gomme Kerr	Jan 18
Isle of Man Steam Packet	Jan 26
Television South	Jan 30
Tace	Jan 20
Updown Investment	Feb 15

MINING NEWS

BIDS AND DEALS

APPOINTMENTS

Guinea gem mine to open next month

BY GEORGE MILLING-STANLEY

THE WORLD'S NEWEST diamond mine is expected to come into production in three weeks' time. The mine, operated by the Aredor consortium, is in the west African state of Guinea, and will be a fairly small operation by world standards.

About 90 per cent of the Aredor mine's output is expected to be of gem-quality diamonds, and with forecast production of 250,000 carats per year the mine will account for something like 1.8 per cent of present world gem output.

Tests during prospecting suggest an average value for the stones of between US$185 (£132) and $200 per carat, with an average stone size of between 0.8 and 1 carat (there are 142 carats to the ounce).

Although there has been a severe downturn in overall world diamond sales over the past couple of years, stones of this sort of size and value have remained a robust market throughout. The main applications are in engagement rings and small, moderately priced items of jewellery.

Aredor's production of 250,000 carats per year will come from the treatment of 400,000 cubic metres (about 400,000 tonnes) of alluvial gravels.

The consortium has enough reserves to maintain production at this level for some 14 years, but hopes in time to establish sufficient additional reserves in the remainder of its lease area to warrant an expansion to 1m cubic metres per year.

The mine is operated as a joint venture shared equally between the government of the People's Revolutionary Republic of Guinea and Aredor Holdings.

Aredor is an Australian company owned up to 79.2 per cent by the Australian oil and gas producer Bridge Oil. Other holdings are the World Bank, which has provided some of the finance for the project, with 11.3 per cent, Industrial Diamond Company of the UK with 5 per cent, Bankers Trust with 3.5 per cent and the Swiss commodity dealer Simonius Vischer with 1 per cent.

Marketing will be through the Basle-registered Aredor Sales, to be managed by Industrial Diamond Company. IDC already handles the marketing of some of the diamond production from Sierra Leone, just over the border from the Aredor lease area, and has had experience of marketing the output of Zaire, the world's biggest volume producer.

Mr Jack Lunzer of IDC said that the stones will be sold to the appropriate cutting centres all over the world.

Aredor will be a straightforward strip mining operation, and removal of the 5 metres of overburden from the first mining area is already well advanced. The mining area comprises 385 square kilometres, only a tiny fraction of the total lease area of 23,000 square kilometres.

The project, which has so far cost a total of $79.1m, will come into production on schedule and just within the $80m budget.

Total operating costs at the initial production level of 400,000 cubic metres are put at $29.7m per year, including the cost of servicing the debts.

Ok Tedi still hopes for a May production start

LATEST news from the Ok Tedi gold-copper mining venture in western Papua New Guinea, which has suffered from a huge landslide of mud, is that first gold production could still take place in May of this year and not be delayed until July of 1985 as was previously feared.

The main problem has been that the area of some 300 acres which had been chosen for a permanent tailings (waste) dam has been inundated by the landslide.

However, the gold treatment plant is unaffected and should be ready for use by mid-May. It is hoped that in the meantime the Papua New Guinea Government will later this month approve a temporary scheme for the disposal of tailings, thus allowing gold mining to begin.

There are three alternative sites available for construction of a permanent tailings dam. Government approval for the detailed permanent tailings disposal plans will be sought by November of this year and, if all goes well, the second stage of both gold and copper mining will, as previously envisaged, follow two years after the initial gold operations.

Partners in the A$1.6bn (£1.04bn) Ok Tedi open-pit venture, high in the rain-soaked Star Mountains, are Broken Hill Proprietary (30 per cent), Amoco Minerals (30 per cent), the PNG Government (20 per cent) and the West German Kupferexplorationsgesellschaft consortium (20 per cent).

Tin outputs

IN THE December tin concentrate production figures issued by the Far Eastern mines in the Gopeng group, that of Mambang Di-Awan shows an improvement, although the dredge operated for only 15 days as a result of tin export controls. The mine's total output for 1983 amounted to 322¼ tonnes compared with 433¼ tonnes in 1982.

The latest monthly figures are compared in the following table.

	Dec tonnes	Nov tonnes	Oct tonnes
Gopeng	117	121	139¾
Mambang	19¼	8½	23
Tanjong	9	9	10¼
Idris	23½	12	10½

Marler goes ahead with Stamford Bridge plan

By Ray Maughan

Marler Estates, quoted property group, is pushing ahead with plans to redevelop Stamford Bridge, home of Chelsea Football Club, one of the leading contenders for promotion from the Second Division of the Canon League.

Marler is making an agreed bid for SB Property, which is leasing the 11.3-acre ground and stadium, valued by Savills at £4m, to the club on a seven-year contract from August 19, 1982.

The group is not saying at this stage what its proposals for the site are, given the need for "extensive discussions" with the interested parties, particularly the local planning authorities and the club itself.

Nevertheless, Marler stresses, it is convinced that "a development can be satisfactorily carried out for the benefit of the company and the surrounding community." It has already reached an agreement with SB shareholders, notably Mr David Mears, Viscount Chelsea and Mrs I. C. E. Budd, to buy SB for a consideration of 998,625 ordinary Marler shares, currently valued at 94p each.

At this price, SB is selling at a considerable discount to Savills' valuation, but Marler's 48 per cent shareholder, Blade Investments, is offering an option which will take the sale price up to 125p per share, or almost £1.25m in total.

Blade, incorporated in the Isle of Man and owned by a Jersey-based discretionary trust, is granting the option provided accepting SB shareholders keep at least half their stakes until April 5, 1986 and grant, in return, an option to Blade to purchase these shares at 125p per share.

Blade's stake in Marler would be reduced to 38.3 per cent when Marler issues the 998,625 shares, but would rise to 53.5 per cent if all accepting SB shareholders take Blade's option.

That would normally trigger a full bid under the terms of the City Code but the Takeover Panel has agreed to waive rule 34 if Marler shareholders approve the deal on a poll.

Marler calculates that its net worth would rise from 122p to 143p per share on the acquisition of SB.

Danes buy insurer

THE Hafnia Group, one of Denmark's largest composite insurance groups, is expanding its presence in the UK domestic insurance market and the international market by acquiring the Economic Insurance Company from its present owners, l'Alsacienne and la Cite In-Cite Insurance societies.

The Hafnia Group has total assets of DKr 14.6bn (£1bn) and a gross premium income of DKr 2.9bn (£200m). It writes a marine account in the UK as a member of the ILU (Institute of London Underwrites).

Econimc, is a composite insurance company with assets at the end of 1982 of £31m and a gross premium income in that year of £22m.

London Brick builds its defence on £26m forecast

BY RAY MAUGHAN

London Brick has estimated that pre-tax profits last year advanced by 70 per cent to £26m. This estimate, coupled with a useful dividend increase for the year, forms the core of the brick manufacturer's front line defence against the £170m cash bid from Hanson Trust.

On the flank of the defence is the possibility that the Office of Fair Trading will respond to London Brick's urgings and recommend yet another Monopolies Commission enquiry into the UK brick market.

The OFT is understood to have put its findings before its mergers panel earlier this week and the verdict is now thought to be in the hands of Mr Norman Tebbit, the Secretary of State for Trade and Industry.

The decision would normally be announced before Hanson's offer reaches its first closing date on January 20 but, in the meantime, London Brick is preparing its next line of defence. This will comprise a forecast of profits in 1984 and an estimate of asset values, centred on the group's deep reserves of fletton clay.

London Brick has launched a publicity campaign based on the claim that the group is "fired for growth." This belief contrasts squarely with Hanson's own judgment, expressed in its offer document, that fletton brick are the "declining sector of the brick market."

Elsewhere, Mr Jeremy Rowe, the chairman of London Brick, recalls a conversation with Lord Hanson, his opposite number, at a meeting shortly after Hanson Trust disclosed a 9 per cent stake in its target.

As Mr Rowe remembers it: "Lord Hanson told me that he believes that the brick-making industry in this country has at least five good years ahead of it."

London Brick is forecasting a 30 per cent increase in the final dividend for last year to not less than 2.3p per share so as to match the rate of improvement declared at the time of the interim results in August.

The defence stresses that its balance sheet is strong, ungeared and showing £20m in liquid resources. Cash flow is "more than sufficient to fund current expansion plans," and includes a new £25m fletton brick plant.

The share price moved up 2p yesterday to 132p although London Brick believes that the somewhat muted stock market response to the profit estimate is largely a function of end account influences and the understandable reluctance of dealers to buy for "new time" when the OFT recommendation is imminent.

See Lex

Taddale disposes of its Munton holding for £1.5m

Taddale Investments, the unlisted industrial and property holding company, has disposed of its 20.4 per cent stake in Munton Brothers, the Belfast-based shirt and clothing manufacturer and Marks and Spencer supplier, which has just posted record interim results of £357,000 pre-tax in the six months to October 31 1983, against £113,000.

The 3,372,973 Munton shares were placed with institutions by W. Greenwell, raising over £1.5m. Munton shares rose 1p last night to close at 46½p.

Taddale, headed by Mr Michael Carlton, brought Munton to the stock market in April 1981, since when it has gone from strength to strength. Taddale itself, however, was refused a full Stock Exchange listing last September, at the time of its decision to halve its £3.1m agreed bid for Branon, the loss-making oilfield services and construction engineering company headed by Sir Monty Finniston, the former BSC chairman, which has a 20 per cent stake in Cavendish Petroleum.

The Exchange's Quotations Committee ruled at the time that Taddale "did not have an identifiable business activity which had been continuous for the last five years."

Taddale's main interests—apart from Munton and Branon—include a 42 per cent stake in PH Industrials, making specialist joinery for the building industry; 25 per cent in Edmond Holdings, a house builder; and a 25 per cent stake in Emray, a financial services, motor retailing and mining industry group.

Taddale turned in a £1.5m pre-tax profit in the year to April 30, 1983, on turnover of £14m, up from £1.1m in 1982 and £0.4m in 1981.

The group's £6.4m rights issue in November, pitched in conjunction with the Branon take-over, was more than half picked up by underwriters. Its shares continue to be traded in the market Harvard Securities.

Laing trusts raise £20m by share sales

The trustees of the J. W. Laing Trust and J. W. Laing Biblical Scholarship Trust have disposed of shares worth over £20m in John Laing and Laing Properties, the construction and property development companies.

The Stewards Company, trustee of the two trusts, yesterday announced the placing of 5,538,000 ordinary John Laing shares and 5,556,294 ordinary Laing Properties shares which at prices of 134½p and 230½p respectively realised a gross profit of £7.46m and £12.84m.

The disposals are equivalent to about half the total value of the trusts' investments.

The two trusts are to retain holdings of 4,752,000 (or 18.06 per cent) ordinary shares in John Laing and 2,794,500 ordinary shares (or 5 per cent) in Laing Properties. The convertible loan stock of the trusts remains unchanged.

The trustees said yesterday there was no intention to dispose of any further shares or securities in the two companies in the foreseeable future.

The J. W. Laing Trust was set up to aid Christian work in the UK and overseas, while its stablemate was set up by Sir John Laing in 1947 to promote biblical scholarship.

Carpets Intl. sells two businesses to Interface

Carpets International is to sell two of its business interests to Interface Flooring Systems Inc, a group in which it holds a 25.6 per cent shareholding.

The two businesses which are to be sold are Carintusa Inc, a wholly-owned subsidiary in the U.S. which specialises in the sale of high-quality woven carpets; and the CI tile division which manufactures and sells non-woven and fusion bonded carpet tiles. The division also handles the sale of tufted carpet tiles manufactured by Interface in Northern Ireland.

The consideration for the sale of Carintusa will be the amount of audited net assets as at January 1 1984, approximately $440,000 (£314,000). In addition, approximately $650,000 (£450,000) of an inter-company current account due to Carpets International will be repaid.

In the year ended December 31 1983 it is estimated that Carintusa will make a profit of $153,000 (£105,000) of which $101,000 (£70,000) relates to exchange gains.

The overall benefit to Carpets International as a result of the sale of the tile division and the realisation of debtors, will be £7m, subject to any fluctuation in value prior to completion (compared with net assets estimated at £5.4m at November 30 1983). In the year ended December 31 1983 the profit before tax is expected to be some £650,000.

Aero rebuff

Aero Needles has considered with its financial advisers, Hill Samuel & Company, the proposed offer by Newel Furnishings, of 60p in cash for each ordinary share of Aero Needles. The board regards the offer as being opportunistic and inadequate. Detailed reasons for rejecting the proposed offer will be sent to shareholders following the publication of Newell's formal offer document.

In the meantime, shareholders are strongly urged to take no action with regard to their holdings.

Amber Day to place 7m John Kent shares

BY ALISON HOGAN

Amber Day Holdings plans to place 7.15m shares, 71.6 per cent of the issued capital, of men's retailer John Kent on the Unlisted Securities market. The transaction will raise £2.26m which will be used to reduce Amber Day's heavy level of borrowings and facilitate John Kent's expansion plans.

The placing of the 7.15m shares has been underwritten by brokers Strauss, Turnbull at 35p per share, which capitalises the company at £3.5m. United Trust and Credit are advisors to the company.

John Kent has 29 retail outlets in London and the Home Counties, trading under the names of John Kent, Smith and Harpers. It has five branches in Oxford Street and one in Brent Cross. The shops sell fashionable, middle range priced clothes for men in the 22 to 40 age group.

The group is tightly run with close management control and new branches are likely to be opened in the same geographical area to facilitate regular stock deliveries and management supervision.

Following the successful redesign of an Oxford Street shop, more redesigns are planned which, managing director Mr Jeffrey Gould says, will be financed from existing resources.

The joint founders of the company, Alfred and Monty Zeff, with Mr Gould, will jointly subscribe £300,000 for 8.57 per cent of the shares of the new company. Amber Day will retain a 28.5 per cent stake, making John Kent an associate company from which it can take its share of profits into the Amber Day group balance sheet.

John Kent has shown a steady growth in profits with the exception of 1981 when Oxford Street tourist trade was seriously hit by the strong sterling rate. It made pre-tax profits of £570,000, up from £465,000 in the year to May 1983, and the directors forecast a profit of not less than £570,000 in the current year.

At the placing price of 35p, the company estimates a fully taxed p/e of 12.77 and net tangible assets of 11p per share. A final dividend of 0.8 per share net is expected. A full-year payment would have totalled 1.225p per share, according to the directors, giving a cover of 2.2 times.

Amber Day's reorganisation has resulted in net extraordinary losses of £1.59m. It has also closed its outerwear division and sold Lawncast, its party plan division, for £2.2m. The result is a much smaller business of five light clothing and manufacturing and importing companies, plus the interest in John Kent.

An EGM will be held on February 6 for Amber Day shareholders to approve the Lawncast and John Kent deals.

Ryan Hotels in profit with I£124,000

A RETURN to profits has been achieved by Ryan Hotels in the year ended October 31 1983. Mainly as a result of increased efficiency of operation and alterations in services to cater for changes in the market place, the group has turned in I£123,833, against a loss of I£394,773.

Further rationalisation in Blooms Hotel has led to profitable trading, while the improvement at the Gresham Hotel achieved in the second half of last year continued more strongly in 1982-83. Reduction in costs in the west coast hotels offset a fall in demand in the home market. The number of permanent staff has again been reduced.

The travel agency has established itself for holidays to London from Ireland, and is expanding its range by selling holidays to sun destinations. The directors feel that the current strength of the dollar against the punt has made Ireland "a very good value" holiday destination from the U.S., and the improvement in the UK economy augurs well for growth in visitors from those two important markets.

There is a tax credit of £39,413 and extraordinary losses of £153,943 (£288,138), leaving £9,303 retained (debit £682,911).

Earnings per share were 0.68p (loss 1.65p).

Symonds Engineering

Pre-tax profits at Symonds Engineering improved by £45,000 to £156,000 in the six months to September 30 1983. The interim dividend is raised from 0.2225p to 0.2725p, and the directors say this is to reduce disparity. Last year a final of 0.5625p net was paid.

Sales moved ahead from £1.38m to £1.92m. Tax was £10,000 higher at £67,000, and earnings per 5p share were higher at 0.875p compared with 0.531p.

The directors say the order book is holding steady and they are hopeful that trading profits for the year to March 31 1984 will show an improvement over last year.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	*Mallinhall Limited*	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Hnry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months: £2,500 9%; £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5¼%.
¶ Mortgage base rate.

BANK RETURN

BANKING DEPARTMENT

	Wednesday January 11 1984	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	42,676,261	— 8,544,429
Bankers Deposits	796,189,838	+ 89,898,111
Reserve and other Accounts	1,344,882,631	— 80,637,568
	2,198,301,720	+ 916,114
Assets		
Government Securities	544,633,485	+ 81,810,000
Advance & other Accounts	566,912,686	+ 6,422,966
Premises Equipment & other Secs.	1,076,373,161	— 92,470,964
Notes	10,225,035	+ 5,172,425
Coin	157,353	— 18,313
	2,198,301,720	+ 916,114

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	11,010,000,000	— 400,000,000
In circulation	11,499,774,965	— 405,172,425
In Banking Department	10,225,035	+ 5,172,425
Assets		
Government Debt	11,015,100	—
Other Government Securities	2,427,783,492	— 1,679055,716
Other Securities	9,071,201,408	+ 1,279,055,716
	11,510,000,000	— 400,000,000

Economic adviser at Midland Bank

Professor Andrew D. Bain, at present Walton Professor of Monetary and Financial Economics, Strathclyde University, has been appointed group economic adviser, MIDLAND BANK, from August 1. He will be succeeding Professor J. R. Sargent, group economic adviser since 1974, who will be leaving the bank to take up the Houblon-Norman Research Fellowship at the Bank of England for the year 1984-85, but not returning to Midland as by then he will have reached the normal retirement age. Before joining Strathclyde University in 1977, Prof Bain was the foundation professor of economics at Stirling University. From 1977-80 he was a member of the Committee to Review the Functioning of Financial Institutions (the Wilson Committee). From April 1, until he takes up his appointment, Prof Bain will be available to the Midland on a consultancy basis.

*

Mr W. R. M. ("Russ") Jenkins, operations director of AMERICAN CAN (UK) since 1980, has been appointed an executive director of the company.

*

Mr David Wright has been appointed a director of FINANCIAL STRATEGY.

*

METCON, the Confederation of Metal Trades Organisations, has made changes in its executive control. Mr Ian A. Sutherland, executive chairman for the past 12 years, has relinquished his executive responsibilities, but will continue as chairman. His executive duties are being assumed by Mr William M. Sutherland, who becomes chief executive.

*

COCKMAN, COPEMAN & PARTNERS INTERNATIONAL has appointed Mr Keith McNeish as a senior consultant. He was director of personnel at the Port of London Authority.

*

Mr Tony Lodge, managing director of Stromberg (UK) also becomes director of international business development, STROMBERG INDUSTRIAL GROUP. This follows a merger between Oy Stromberg Ab and Kymi Kymmene Oy when the Stromberg Industrial Group was formed to handle all the engineering products of Stromberg plus others from the Kymi Kymmene organisation.

*

ROYAL INSURANCE (UK) has appointed Mr T. A. Carter as deputy personnel manager, and Mr J. Deakin as a deputy manager, commercial insurances division.

*

Mr Richard Palmer has been appointed director-general of the BUSINESS EQUIPMENT TRADE ASSOCIATION, in succession to Mr Richard Harington, who has retired.

*

Mr T. S. Corrigan has been appointed non-executive chairman of HAVELOCK EUROPA.

*

Mr Roger Bates has been appointed marketing director of TMC, Malmesbury. He was with Plessey Telecommunications as director of marketing, transmission division. Mr James Greenfield, previously marketing director, is taking a new appointment. TMC is part of the Philips Group.

Hampson Industries finance director

Mr Christopher J. Clayton has been appointed group finance director of HAMPSON INDUSTRIES. He was with William Whittingham Holdings as group finance executive until the reorganisation following the takeover of Comben Group.

*

Mr Burton Gintell has been appointed managing director of PHOENIX LLOYD. He replaces Mr Michael Harrison, who remain a director.

*

Mr Norman C. Macleod has been appointed a director of ROBERT BARROW.

*

Mr J. E. A. R. Guinness and Mr P. Baring have been appointed directors of PROVIDENT MUTUAL MANAGED PENSION FUNDS.

*

LEISURE DEVELOPMENT has appointed Mr Robert Upsdell as chief executive and Mr John Knight as director of finance. Non-executive directors are: Mr Walter Goldsmith as chairman, Mr Roger Brooke of Candover Investments, and Mr Sstepen Clarke of Charterhouse Development.

*

Baker equipment manufacturer ODDY, Leeds, has appointed Mr Harry Jevons, managing director of marketing consultants H. Jevons and Partners as a non-executive director.

*

Mr Donald Anderson, until recently joint managing director of United Newspapers, will join REED PUBLISHING on February 1. He will join the board of Business Press International and become managing director of Agriculture and Construction Press. He will join the board of Reed Regional Publishing as a non-executive director. Mr Anderson is a member of the board of the Press Association and of Reuters and he will continue in these roles.

*

Mr Peter Edwards, group editor, and Mr Bill Wenman, works manager, have been appointed to the board of E. COWING AND SONS.

*

Mr Peter Day has been appointed a director of TOTTENHAM HOTSPUR. He has been club secretary since December 1982.

*

Mr R. L. Stover has been appointed chairman and managing director of UNION TEXAS PETROLEUM. He replaces Mr H. A. Young, who has been named vice-president of Union Texas (South East Asia), Inc. in Jakarta. Dr Peter Morgenroth has been appointed director of exploration and joins the board.

*

Mr A. D. Harris has been appointed chief executive of LAKE AND ELLIOT from January 30 and has resigned from the board of F. H. Lloyd Holdings.

*

Mr Edwin W. Phillips has been appointed vice-chairman of the WOOLWICH EQUITABLE BUILDING SOCIETY.

*

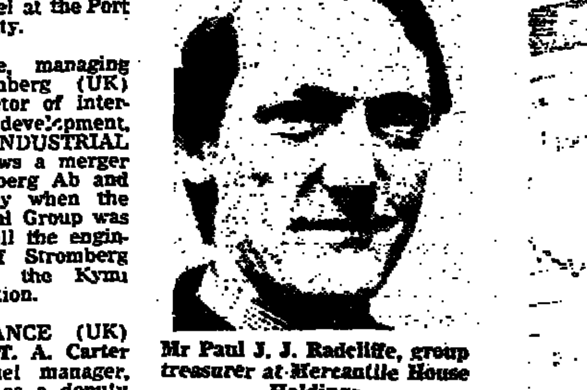
Mr Clive Thomas, director of The Overseas Business/Dexter Brent & Paterson, has been elected president of the INTERNATIONAL ADVERTISING ASSOCIATION UK chapter. Mr Marc Weinberger of Time Inc was elected vice-president.

*

Mr Derek Conran of Henley Management College has been appointed chairman of the BRITISH MANAGEMENT TRAINING EXPORT COUNCIL, in succession to the late Mr Geffery. Mr Patrick Forsyth of Marketing Improvements has been elected deputy chairman.

*

At ASCOT HOLDINGS, Mr R. A. W. Rudd has resigned as chairman and Mr M. J. Norris has been appointed to succeed him. Mr T. S. Fann has been appointed a director. Mr Norris has disposed of 2.19m shares of which 1m shares have been acquired by Aitken Hume Holdings and clients. He is retaining 3,022,107 shares representing 30.16 per cent of the issued ordinary capital.



Mr Paul J. J. Radcliffe, group treasurer at Mercantile House Holdings

Mr Paul J. J. Radcliffe has been appointed group treasurer of MERCANTILE HOUSE HOLDINGS. He was formerly group treasurer of the UDS Group.

*

Mr M. B. Frost has been appointed a director of RAMSAY INSURANCE CONSULTANTS, Tunbridge Wells. He was a director of Stewart Wrightson (South Eastern) Assurance Consultants.

*

Marshal of the Royal Air Force, Sir Michael Beetham, recently retired as Chief of the Air Staff, has joined the board of MARCONI AVIONICS.

*

Dr Roger Wootton has joined the board of WS ATKINS GROUP CONSULTANTS, Epsom. He continues as a director of Atkins Research and Development.

*

NATIONAL ADVANCED SYSTEMS (EUROPE) CORP has appointed Mr Barry Graham as director of systems marketing for Europe. He joins from IBM UK.

*

Mr Fred Randall has been appointed finance director of UNITED DOMINIONS TRUST, a wholly-owned subsidiary of TSB Group. He was general manager finance.

*

WINCHESTER BOWRING has appointed Mr S. A. North as a departmental director and Mr C. Ahmet, Mr M. Haines, and Mr A. Seyler as assistant directors.

*

The ASSOCIATION OF INTERNATIONAL BOND DEALERS has appointed Mr Royston Lambert as systems and information manager from February 1. He was with Datastream International.

Joining Barclays Merchant Bank

Sir Christopher Laidlaw and Sir James Spooner have been appointed directors of BARCLAYS MERCHANT BANK. Sir Christopher, chairman of ICL, is a director of Barclays Bank and Barclays Bank International. Sir James, a director of Barclays Bank and Barclays Bank UK, is chairman of Vantona Viyella, the Morgan Crucible company and the Navy, Army and Air Force Institutes (NAAFI).

*

Mr Richard Hill has been appointed to the main board of CHAPMAN INDUSTRIES. He assumes special responsibility for group development activities, while remaining a director on the subsidiary boards of Chapman Envelopes, Chapman Containers and Chapman Engineers.

*

FMC CORPORATION (UK), Fakenham, has appointed Mr Jim Crossley as general manager. He joins from Alfa-Laval.

*

In connection with the opening of KANSALLIS - OSAKE - PANKKI'S London representative office, the following have been appointed representatives: Mr Ilkka Laukkonen, Mr Peter Fagernas and Mr Markku Vasari. Mr Laukkonen was previously the deputy managing director of Kansallis International Bank in Luxembourg and Mr Fagernas manager of the bank's overseas operations department in Helsinki. Mr Vasari joins the office from Nordic Bank, London.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday January 13 1984

EEC returns to Eurosterling market, Page 32

WALL STREET

Forecast on spending gives spur

A MORE confident mood emerged on Wall Street yesterday although the bond market continued to hang fire as the major investment institutions waited for interest rate prospects to become more clear, *writes Terry Byland in New York.*

The U.S. Commerce Department's forecast of a strong rise in capital spending this year was encouraging for the stock market.

The Dow Jones industrial average ended up 1.99 at 1279.31.

Today will bring official statistics on retail spending, industrial production and prices, providing a significant test of the stock market's views on the strength of the economic recovery and of inflationary pressures.

The bond market will be scanning the batch of statistics for any sign that the economic upswing is slackening, and thus opening the way for an easing in interest rates, or conversely, that inflation is re-igniting, threatening upward pressures on rates later in the year.

The improvement in stocks yesterday indicated an underlying confidence for the near-term outlook in the stock market. Investors found encouragement in a slackening in short-term interest rates, signalled by a dip in the crucial federal funds rate to 9⅜ per cent.

The first shots in the corporate reporting season for 1983 were fired in the banking sector but there was little change in Chemical Bank of New York which followed Mellon and J. P. Morgan in disclosing higher earnings for last year.

Among the industrials, General Motors eased a further $¼ to $78½ – still under a slight cloud of doubt after announcing plans to split operations into small and large car units. But other motor stocks held steady, with Ford at $46⅛.

A gain of $⅝ to $122⅝ in IBM stimulated market confidence, at $140⅝, Texas Instruments gained $1.

LTV, hoping for news shortly on the proposed merger with Republic Steel, gained $⅝ to $19⅛. Oil stocks were somewhat less active, but takeover speculation continued to push Gulf Oil ahead and at $49, it was $1⅜ higher.

There was a heavy fall in Comdisco, which leases IBM equipment, after the board had disclosed that earnings would fall significantly in the first quarter of this year. At $15¾, it was $5 lower in heavy trading – at one time the stock was head of the active list, over such busy issues as the new AT&T stock.

There was further selling of Baxter Travenol, down by a further $⅛ to $22½. Stock in MGM-UA entertainment made a delayed start on the news that Mr Kirk Kerkeorian had abandoned his plans to buy the outstanding equity, via his privately-held Tracinda.

On the American Stock Exchange, Dome Petroleum of Canada weakened by $⅞ to $3⅞ after reports that Japanese utilities may cancel liquid natural gas projects with the company.

Stock in Petro-Lewis dipped $⅝ to $11¾ as the board was reported as admitting to takeover approaches, but warning that it could be some time before any progress was made.

Also on the American Stock Exchange, Dorchester Gas slipped to $20⅞ on news of lower earnings for the first quarter.

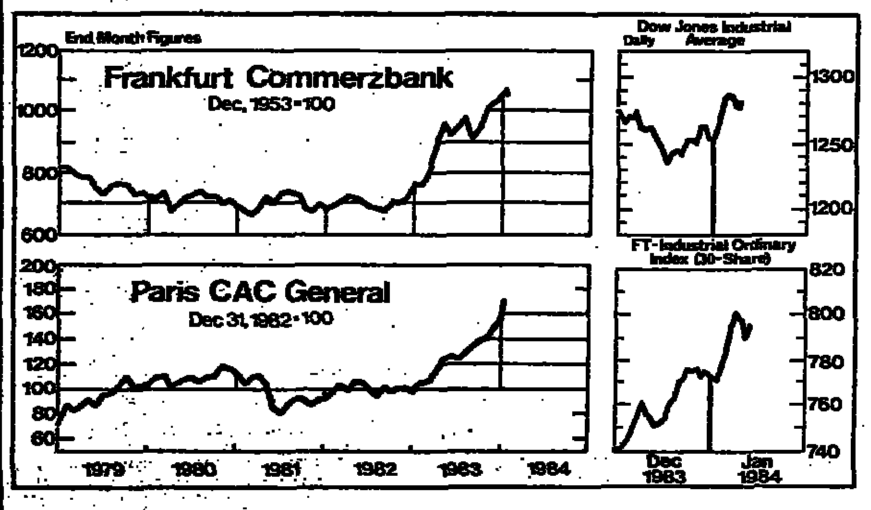
The bond market continued to trade quietly, with investors unwilling to make any move ahead of today's news on retail sales and industrial output.

The key long bond at 101 17/32 lost about 5/32 to yield 11.83 per cent.

At the shorter end, rates were easier, although retail offtake was slight. The three month treasury bills stood at a discount of 8.90 per cent and the six months at 9.05 per cent, a couple of basis points lower in each case.

Another active feature was Digital Equipment, number two to IBM in computer manufacture, which managed to add $¾ to $74⅝ despite a bearish review of prospects in the investment press.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 12	Previous	Year ago
NEW YORK			
DJ Industrials	1279.31	1277.32	1083.61
DJ Transport	605.84	609.56	475.14
DJ Utilities	134.01	133.82	124.58
S&P Composite	168.06*	167.79	145.69
LONDON			
FT Ind Ord	796.00	790.00	604.60
FT-A All-share	485.32	482.49	386.90
FT-A 500	518.48	515.20	422.73
FT-A Ind	478.25	475.44	393.76
FT Gold mines	554.60	546.60	650.40
FT Govt secs	83.00	82.98	77.70
TOKYO			
Nikkei-Dow	10,104.16	10,072.51	8039.85
Tokyo SE	757.44	752.66	588.99
AUSTRALIA			
All Ord.	776.20	776.20	531.20
Metals & Mins.	545.10	546.50	462.30
AUSTRIA			
Credit Aktien	53.30	55.40	50.16
BELGIUM			
Belgian SE	140.29	139.62	102.21
CANADA			
Toronto Composite	2576.8*	2580.1	2081.30
Montreal Industrials	447.90*	448.22	380.95
Combined	431.78*	432.15	343.86
DENMARK			
Copenhagen SE	219.98	216.64	102.34
FRANCE			
CAC Gen	166.00	165.30	101.00
Ind. Tendance	106.90	106.00	61.90
WEST GERMANY			
FAZ-Aktien	355.13	354.94	251.84
Commerzbank	1050.00	1049.50	758.80
HONG KONG			
Hang Seng	978.58	964.47	859.89
ITALY			
Banca Comm.	207.24	204.03	162.80
NETHERLANDS			
ANP-CBS Gen	163.00	161.90	106.70
ANP-CBS Ind	134.50	133.90	91.70
NORWAY			
Oslo SE	231.85	230.69	110.02
SINGAPORE			
Straits Times	1040.61	1037.08	741.13
SOUTH AFRICA			
Golds	830.2	824.90	1031.10
Industrials	990.7	989.10	781.90
SPAIN			
Madrid SE	105.69	104.46	83.70
SWEDEN			
J & P	1530.23	1513.65	955.13
SWITZERLAND			
Swiss Bank Ind	384.50	381.50	297.70
WORLD	Jan 11	Prev	Yr ago
Capital Int'l	185.90	186.20	160.20

GOLD (per ounce)

	Jan 12	Prev
London	$370.125	$367.625
Frankfurt	$369.75	$367.75
Zürich	$370.25	$367.25
Paris (fixing)	$369.42	$369.88
Luxembourg (fixing)	$371.75	$368.80
New York (Jan)	$370.40	$371.40

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 12	Previous	STERLING Jan 12	Previous
$	–	–	1.3980	1.3955
DM	2.8375	2.8425	3.97	3.97
Yen	234.80	234.4	328.50	327.5
FFr	8.6840	8.685	12.1350	12.115
SwFr	2.2475	2.252	3.1450	3.145
Guilder	3.1875	3.19	4.4575	4.4525
Lira	1720.75	1718.5	2405	2397.5
BFr	57.92	57.81	80.95	80.85
C$	1.249750	1.25225	1.7465	1.7475

INTEREST RATES

	Jan 12	Prev
Euro-currencies (offered rate)		
£	9 11/16	9½
SwFr	3⅞	3⅞
DM	6 3/16	6 5/16
FFr	13⅜	13⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 11/16	10 1/16
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	9 3/16*	9 7/16
U.S. 3-month CDs	8.91*	9.45
U.S. 3-month T-bills	9.45*	8.91

U.S. BONDS

Treasury		Jan 12 Price	Yield	Prev Price	Yield
10⅜	1985	100 11/32	10.68	100 11/32	10.68
11⅝	1991	99 13/32	11.88	99 13/32	11.88
11.75	1993	100 3/32	11.73	100 3/32	11.73
12	2013	101 17/32	11.81	101 19/32	11.81
Corporate		**Jan 12 Price**	**Yield**	**Prev Price**	**Yield**
AT & T					
10¾	June 1990	93⅞	11.80	93⅞	11.80
3⅞	July 1990	68⅞	10.80	68⅞	10.80
8⅞	May 2000	75⅞	12.25	75⅞	12.25
Xerox					
10⅞	March 1993	92⅞	12.00	92⅞	12.00
Diamond Shamrock					
10⅞	May 1993	91⅞	12.10	91⅞	12.10
Federated Dept Stores					
10⅞	May 2013	86	12.40	86	12.40
Abbot Lab					
11.80	Feb 2013	95⅞	12.40	95⅞	12.40
Alcoa					
12¼	Dec 2012	96	12.80	96	12.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	70-17	70-18	70-12	70-16
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.83	90.84	90.80	90.84
Certificates of Deposit (IMM) $1m points of 100%				
March	90.12	90.13	90.09	90.14
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89.94	89.95	89.93	89.99
20-year Notional Gilt £50,000 32nds of 100%				
March	109-00	109-02	108-13	108-18

COMMODITIES

(London)	Jan. 12	Prev
Silver (spot fixing)	570.30p	572.25p
Copper (cash)	£972.50	£969.25
Coffee (Jan)	£2017.50	£1997.50
Oil (spot Arabian light)	$28.55	$28.52

LONDON

Measure of confidence is regained

COMPOSURE was regained in London yesterday although the volume of business was small. Leading equities were dull at the opening but through the afternoon investors recovered confidence.

The FT Industrial Ordinary index surged after-hours to close a net 6 points up at 796.0, recovering most of Wednesday's loss.

Glaxo stood out among the index constituents with a rise of 35p to 795p following renewed U.S. support, while Thorn EMI gained 12p to 677p awaiting today's interim statement. Associated Newspapers rose 23p to 443p in response to much better than expected annual profits.

Heavy local speculative interest in De Beers registered scrip prompted a close of 567p, a net gain of 33p. Anglo American Corporation edged up £11½ before ending the day £⅛ harder at £11⅝. Charter Consolidated, the Anglo/De Beers group's UK associate edged up 2p to 255p.

South African golds were overshadowed by the activity in De Beers but continued to make progress on currency considerations. Business in golds was said to be routine and quiet but the leaders closed with widespread gains, especially Western Deep; £1½ higher at £34⅝.

Details, Page 25; Share information service, Pages 26–27.

AUSTRALIA

A MIXED trend emerged in Sydney with metal miners weaker but industrials continuing to advance. The All Ordinaries index was unchanged at 776.2.

Most interest centred in Mr Rupert Murdoch's News Corporation which added another 50 cents to A$11.90 with foreign buying spurred by the bid for Warner Communications.

HONG KONG

PROFIT-TAKING, particularly in property issues, pared early gains achieved during a sharply higher opening in Hong Kong. The Hang Seng index, which was 22.53 ahead after the first hour, slid back to close 14.11 higher on the day at 978.58.

Turnover at HK$476.36m was the highest since July 15. The burst of activity was attributed to the 105m share offering at HK$2.65 each by the television station HK-TVB and was thought to be at least 10, and perhaps 15, times over-subscribed.

Elsewhere, Hongkong Land held unchanged at HK$3.20. In an effort to reduce its borrowings, it sold 72m of its shares in Jardine Matheson at about HK$12.30, mostly to British institutions. At the time of the sale, Jardine Matheson was trading near HK$13.60 but it ended 40 cents up on the day at HK$13.70.

SOUTH AFRICA

DE BEERS moved up strongly in a quiet day in Johannesburg with a gain of 48 cents to R9.90, following news that diamond production in southern Namibia would not be increased until stockpiles were "considerably reduced."

Gold shares slipped with the bullion price at the close after a firm but quiet day, finishing narrowly mixed.

Among the heavyweights, Kloof closed R1.25 firmer at R54.50, but Durban Deep dropped 50 cents to R29.50.

CANADA

TRADING was quiet in Toronto, with prices mixed. Base metals and minerals were holding barely steady but this was offset by the oil and gas sector.

Montreal showed a similar mixed pattern, with property, metals and media shares making gains while oils and pipelines were lower. There was also evidence of profit-taking among banks.

TOKYO

Neglected issues come to the fore

EXPECTATIONS of a further advance in Tokyo brought demand yesterday for often neglected issues, such as large-capital electric power utilities, gas concerns, steelmakers and shipbuilders. This new buying sent equity prices still higher, while the bond market began to rally, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average added 31.65 to another record high of 10,104.16, on volume of 572.40m shares, up from Wednesday's 491.73m. Advances outnumbered declines 412 to 331, with 133 issues unchanged.

Although investors have become increasingly wary of the rapidly rising tempo, they appear determined to continue buying until the market undertone turns bearish. At present, investors seem confident that the market will not plunge in the near future in view of active stock investment by banking institutions and business corporations.

Attention turned to very large-capital stocks rather than banks, which had drawn buyer interest until Wednesday in anticipation of a drop in interest rates. Electric power and gas stocks gained ground on a broad front, aided by a crude oil price decline.

Tokyo Electric Power firmed Y70 to Y1,290 and Kansai Electric Power Y130 to Y1,200, while other power firms rose by Y45 to Y100. Tokyo Gas moved up Y9 to Y180, and other gas stocks also firmed.

In addition, Ishikawajim-Harima Heavy Industries climbed Y18 to Y187 on heavy buying, Mitsubishi Heavy Industries Y8 to Y270 and Kawasaki Heavy Industries Y9 to Y159. Steelmakers were also bought, with Nippon Steel gaining Y2 to Y178 and Sumitomo Metal Industries Y5 to Y167.

Asahi Denka Kogyo registered a maximum allowable rise of Y80 to Y480 on reports that Japan Agricultural Chemicals, Asahi Denka's affiliate, will soon commercialise an anti-cancer drug.

Paper-pulp and foodstuff issues firmed, with Oji Paper adding Y22 to Y515, Sapporo Breweries Y14 to Y444 and Kirin Brewery Y10 to Y555. However, blue chip issues remained weak.

The bond market rebounded at long last, as investors seemed confident that bond prices would no longer lose ground, with the yield on 7.5 per cent government bonds, maturing in January 1983, falling below par the previous day.

Trust banks began to issue small-lot buying orders, but institutional investors largely sat on the sidelines, leaving bonds trading mainly in the inter-broker market.

The yield on the 7.5 per cent government issue declined to 7.49 per cent at one stage from Wednesday's 7.515 per cent, but finished at 7.50 per cent.

SINGAPORE

A LATE rally on increased buying took shares higher again in Singapore and the Straits Times index added 3.53 to Wednesday's record level to close at 1,040.61.

The market expects that the strong level of volume and the approach of the Chinese New Year, traditionally a bullish period, should keep prices firm.

Properties were not beneficiaries of the firmer trend, ending lower on the day while banks were mixed to easier.

EUROPE

Confident run-up to new peaks

INVESTORS in most European centres gave a show of independence with a new round of buying yesterday, despite the easier trend that has prevailed on Wall Street this week.

Some active trading produced further record highs for Belgium, France and Sweden.

Frankfurt proved the exception closing easier as investors – particularly from abroad – took profits in blue chip issues on fears that the Bundesbank may raise interest rates to combat the continuing strength of the dollar.

However, the Commerzbank index, calculated at midsession, missed much

of the selling and posted a 0.5 rise to 1,050.

One of the largest falls was sustained by car maker Daimler, which shed DM 6 to DM 616. VW was DM 3.50 lower at DM 222 and BMW DM 2 down at DM 422.

In contrast, tyre maker Conti Gummi drew strength from favourable comment on profits and dividend prospects, ending DM 1.50 higher at DM 137, after a high of DM 138.50.

RWE rose 50 pf to DM 180.50 on prospects for an unchanged dividend but Veba, the energy concern, fell DM 1.50 ahead of Monday's start of the Federal Government's plan to sell a 13.75 per cent stake to the public.

Elsewhere, Lufthansa shed 50 Pf to DM 158.50 despite comments by its senior vice-president forecasting higher profits for 1983.

Linde also dipped 50 Pf to DM 407.50 after announcing plans to sell the reciprocating and machinery section of its Cologne-based refrigeration and shop equipment division to Atlas Copco of Sweden.

Bonds traded narrowly mixed and the Bundesbank sold DM 34.6m of paper to balance the market, compared with the DM 34m of sales in the previous session.

Amsterdam shrugged off a week of declines and moved higher in reasonably active trading, drawing its renewed strength from optimism about the Dutch economy – the same factor that produced the rally which led to a record close on Thursday last week.

The ANP-CBS General index added 1.1 on the day to stand at 163.0.

KLM led the international sector with a Fl 8 rise to Fl 215 after reporting a higher load factor. Gains were more lim-

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅝	8⅝	AAR	.44	2.4	22	118	18¾	18¼	18¼	−⅛
52⅞	30½	ACF	1.40	3.0	22	1350	46¾	46½	46½	−¼
22	19¼	AMCA	n			1	20¼	20¼	20¼	−⅛
19⅞	14¼	AMF	.50	3.2		370	15⅞	15⅝	15¾	+⅛
50⅛	50⅛	AMF	pf			10	50	d50	50	−⅛
39⅝	19½	AMR Cp			17	4235	38¾	38¼	38⅜	+½
19⅞	16⅞	AMR	pf2.18	11		28	19¾	19½	19¾	+⅛
40½	24⅞	AMR	pf2.13	5.5		664	39⅛	38½	38⅞	
16¼	3⅞	APL			20	33	13½	13¼	13½	+⅛
55¼	33¾	ARA	2.05	3.8	12	272	53⅞	52½	53⅝	+⅛
79⅞	50¼	ASA	3a	5.7		365	53½	52⅞	53	−⅛
33¼	14⅛	AVX	s .32	1.1	45	68	30	29¼	29½	−½
53⅞	36½	AbtLab	1	2.2	17	1473	45¾	45⅛	45¼	−⅝
30¼	23¼	AccoW	n .60	2.0	22	84	30¼	29⅝	29¾	−¼
27½	17⅛	AcmeC	.40	1.5		178	26½	25¾	26½	+⅝
14⅜	7¼	AcmeE	.32b	2.9	55	86	11⅛	11	11⅛	+⅛
24⅞	8⅞	AdmDg	.04	.2	14	17	17⅜	17½	17⅜	−⅛
18⅝	15	AdaEx	1.73e	9.5		127	18¼	17¾	18⅛	+¼
19¼	7¼	AdmMl	.24	1.4	9	8	17½	17⅜	17⅜	−¼
18⅝	9¼	Advest	.12	.9	8	6	13⅛	13⅛	13⅛	+⅛
37½	13⅞	AMD	s		63	8487	37¼	35¾	37	+1⅛
24⅞	13⅞	Aeflex	s		16	59	16⅛	15½	16	
43½	32⅞	AetnLf	2.64	7.3	9	1170	36¼	36	36⅛	+¼
65	55¼	AetL	pf5.09e	8.8		12	57¾	57¼	57¾	+⅞
40½	22½	Ahmns	1.20	3.7	9	1276	33	32¼	32⅞	−⅜
7⅞	3	Aileen				82	5	4⅞	5	+⅛
61	37¼	AirPrd	1	2.2	13	371	45¼	45¼	45	+¼
30⅞	16⅛	AirbFrt	.60	2.1	23	205	28	27¼	28	

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Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¼	18⅝	Warnc	a.70	2.6	10	124	27¼	26½	26½	-½
32½	19⅞	WmCm	1	3.8		2866	27⅛	26¾	26½	-⅜
35	26¼	WarnrL	1.48	4.7	13	3482	31⅝	31⅛	31¼	
31⅝	25½	WashGs	2.88	9.3	7	87	31½	31	31⅛	+⅛
37¼	21	WshNat	1.08	4.1	13	192	27	26½	26½	-⅞
22¼	18½	WshWt	2.48	12	7	114	20⅛	19¾	19⅞	+⅛
61⅞	37⅛	Waste	.68	1.8	15	3888	38¾	37½	38½	+⅞
92	50¼	Watkin	.80	.9	20	26	86¼	85½	85½	-1
15⅛	9⅝	WayGos	.20	1.5	22	13	13¾	13½	13¾	+⅜
30	19	WayG	pf1.60	5.9		10	27½	27⅛	27¼	+⅛

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

EUROPE

Continued from Page 21

ited in other internationals, despite the strength of the dollar.

Hoogovens added Fl 1.10 to Fl 53.20 and Philips Fl 1 to Fl 49.10.

Strong rises elsewhere included Fl 7 advance by office copier manufacturer Océ-Van der Grinten to 254 while publisher Elsevier added Fl 11 to Fl 525.

Bond prices were flat to lower with the state's new 8.5 per cent issue down 10 basis points to 99.40.

In Brussels, the Belgian Stock Exchange index continued its 10 year record-setting trend, rising 0.67 through the 140 level to end at 140.29.

The market was again supported by continued demand for Petrofina amid market speculation about dividend levels and a possible stock split. Petrofina added BFr 30 to BFr 6,470 in heavy turnover.

Elsewhere, the market was sluggish. Holding companies were mixed with Groupe Bruxelles Lambert up BFr 15 to BFr 2,525 and Cobepa BFr 120 to BFr 3,220. But Société Générale de Belgique shed BFr 5 to BFr 1,755 and Sofina fell BFr 60 to BFr 5,610.

Elektrical holdings were mixed and utilities easier. However, a small rally was seen in chemicals with Solvay and UCB each up BFr 20 to BFr 3,710 and BFr 4,720 and Tessenderlo adding BFr 30 to BFr 2,050.

A broad advance in Paris took shares back to record levels in very active trading. Some closing prices were delayed by up to 20 minutes because of the heavy volume.

The CAC Générale index added 0.7 to 166.0 and the Indicateur de Tendence put on 0.9 to 106.90.

As a reflection of the dollar's record breaking performance on the foreign exchange market, the Dollar premium was at its highest-ever level of FFr 11.31-34.

Firm demand took Thomson-CSF up FFr 21 to FFr 260 but Creusot-Loire shed FFr 2.70 to FFr 46.

Strong foreign and domestic buying helped Zurich regain the momentum which had been absent earlier in the week, and shares ended mixed to higher.

Most sectors saw gains with banks and financials leading the way. Dow Banking added SwFr 65 to SwFr 1,145 while Adia advanced SwFr 45 to SwFr 1,860.

Bonds were little changed from overnight levels.

Domestic and foreign demand helped revive Stockholm, where the J&P index added 16.35 to a record 1,530.23.

One of the day's largest gains was recorded by Pharmacea, up SKr 26 to SKr 378 amid market rumours that the pharmaceutical concern was close to producing a leukaemia treatment.

Shares were higher in Milan in active trading with profit-taking at the end of the bourse month extending the previous session's advance.

Bastogi led most financials higher, adding L13 at L163, while Centrale advanced L110 to L1,720.

Fiat continued its advance, adding L23 at L3,495 while Olivetti – which plans a L30bn savings share offer for its employees – put on L69 to L3,940.

A quieter mood prevailed in Madrid but shares moved higher and the bourse index added 1.23 to 105.69. The advance was led by a strong banking sector.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

NEW YORK CLOSING PRICES

Continued from Page 23

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

GERMANY

SWEDEN

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Jan 12	Jan 11	Jan 10	Jan 9	Jan 6	Jan 5	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1279.31	1277.32	1276.48	1286.22	1286.64	1282.24	1286.64 (6/1)	1252.74 (3/1)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	605.84	609.56	608.17	612.63	611.79	609.47	612.63 (9/1)	593.94 (3/1)	612.63 (9/1/84)	12.23 (8/7/32)
Utilities	134.01	133.82	133.62	133.77	134.83	134.2	134.83 (6/1)	131.26 (3/1)	163.32 (20/4/69)	10.95 (28/4/42)
Trading vol 10000's†	9941		9568	7108	13759	–	–	–	–	–

	Jan 6	Dec 23	Dec 9	(Year Ago Approx)
Ind div yield %	4.23	4.51	4.47	5.03

STANDARD AND POORS

	Jan 12	Jan 11	Jan 10	Jan 9	Jan 6	Jan 5	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	188.96	189.12	189.2	190.33	190.64	190.15	190.64 (6/1)	185.81 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	167.75	167.79	167.95	168.9	169.28	168.81	169.28 (6/1)	164.04 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Jan 11	Jan 4	Dec 28	Year Ago (Approx)
Ind div yield %	3.68	3.70	3.72	4.35
Ind. P/E Ratio	13.74	13.64	13.57	11.38
Long Gov Bond Yield	11.66	11.74	11.76	10.41

N.Y.S.E. ALL COMMON

Jan 12	Jan 11	Jan 10	Jan 9	1983-84 High	1983-84 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Jan 12	Jan 11	Jan 10
Issues traded	1997	2017	2026
Rises	870	764	772
Falls	700	837	868
Unchanged	427	416	386

MONTREAL

	Jan 12	Jan 11	Jan 10	Jan 9	1983-84 High	1983-84 Low
Industrials	447.52	448.22	450.28	451.4	451.4 (6/1)	443.06 (3/1)
Combined	431.8	432.15	433.31	433.61	433.87 (6/1)	426.45 (3/1)
TORONTO Composite	2577.1	2580.1	2582.5	2588.9	2585.7 (6/1)	2551.5 (3/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	1983/84 High	1983/84 Low
AUSTRALIA						
All Ord. (1/1/80)	776.2	776.2	776.2	787.9	787.9 (9/1/84)	487.8 (4/1/83)
Metals & Minls. (1/1/80)	545.1	546.5	546.2	565.8	614.2 (5/3)	411.8 (4/1/83)
AUSTRIA						
Credit Aktien (2/1/62)	55.50	55.40	55.28	55.49	59.8 (5/5)	48.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	140.29	139.62	139.26	138.76	140.29 (12/1/84)	100.50 (4/1/83)
DENMARK						
Copenhagen SE (3/1/83)	219.98	216.64	223.54	221.97	223.54 (10/1/84)	100.00 (3/1/83)
FRANCE						
CAC General (31/12/82)	166.0	165.3	165.9	165.5	168.0 (12/1/84)	96.1 (3/1/83)
Ind Tendance (30/12/83)	106.9	106.0	106.2	106.1	106.9 (12/1/84)	99.4 (5/1/84)
GERMANY						
FAZ-Aktien (31/12/58)	356.15	354.94	355.31	359.96	359.96 (9/1/84)	241.89 (25/1/83)
Commerzbank (1/12/53)	1050.0	1049.5	1050.0	1065.4	1065.4 (9/1/84)	727.9 (25/1/83)
HONG KONG						
Hang Seng Bank (31/7/64)	978.58	964.47	943.34	937.48	1102.64 (21/7)	690.08 (4/10)
ITALY						
Banca Comm Ital. (1972)	207.24	204.03	203.28	203.62	214.98 (21/3)	160.45 (10/1/83)
JAPAN**						
Nikkei-Dow (16/5/49)	10104.1	10072.5	10016.2	10053.9	10104.1 (12/1/84)	7803.18 (25/1/83)
Tokyo SE New (4/1/68)	757.44	752.88	749.02	750.31	757.44 (12/1/84)	674.51 (25/1/83)
NETHERLANDS						
ANP-CBS General (1970)	165.0	161.6	164.5	165.6	167.1 (5/1/84)	100.1 (4/1/83)
ANP-CBS Indust (1970)	134.5	133.9	135.6	137.8	138.5 (5/1/84)	83.5 (4/1/83)
NORWAY						
Oslo SE (4/1/83)	231.85	230.69	232.09	232.09	232.09 (10/1/84)	99.01 (4/1/83)
SINGAPORE						
Straits Times (1966)	1040.61	1037.09	1037.25	1034.36	1040.61 (12/1/84)	719.93 (6/1/83)
SOUTH AFRICA						
Gold (1958)	(u)	924.5	917.4	910.2	1090.9 (1/2)	661.0 (1/11)
Industrial (1958)	(u)	999.1	988.0	1006.4	1006.4 (9/1/84)	704.9 (5/1/83)
SPAIN						
Madrid SE (30/12/83)	105.69	104.46	105.38	(c)	105.69 (12/1/84)	100.00 (30/12/83)
SWEDEN						
Jacobson & P. (1/1/58)	1530.23	1515.65	1512.16	1506.18	1530.23 (12/1/84)	898.18 (3/1/83)
SWITZERLAND						
SwissBankCpn. (31/12/58)	384.5	381.5	381.6	384.5	388.7 (3/1/84)	284.4 (4/1/83)
WORLD						
Capital Intl. (1/1/70)	–	185.9	186.2	186.8	187.1 (6/1/84)	154.3 (5/1/83)

**Saturday January 7: Japan Nikkei-Dow 9,982.4. TSE 743.17.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Quiet equity markets start cautiously but stage impressive after-hours advance

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets regained composure after Wednesday's widespread setback, but the volume of business was small with investment enterprise inhibited by continuing interest rate uncertainties and end-Account influences.

Leading equities were dull at the opening, reflecting Wall Street's overnight fall and further Press predictions of dearer UK money. Little profit-taking developed, however, and most blue chips stayed at the easier levels for the first hour or so of trading.

Later they started to edge higher on intermittent bouts of "new-time" buying. The improvement gathered momentum through the afternoon as investors regained confidence about the equity market, hoping for it to scale new peaks in the trading Account starting next Monday. Wall Street's new-found strength early yesterday encouraged these hopes.

The Financial Times Industrial Ordinary share index, 1.1 easier at 10 am, showed a gain of that amount at 3 pm, but after-hours surged higher to close a net 6 points higher at 796.0; it thus recovered most of Wednesday's loss. Glaxo stood out among the index constituents with a rise of 35 to 795p following renewed U.S. support, while Thorn EMI gained 12 to 677p awaiting today's interim statement.

Activity elsewhere centred on situation and speculative stocks, or those companies about to report trading statements. In this respect, Associated Newspapers were outstanding yesterday, recording a rise of 23 to 443p in response to much-better-than-expected annual profits.

The underlying strength of the equity market was well illustrated by a sizeable placing in the Property sector. Lines of 5¼m shares in both Laing A and Laing Property were successfully placed with various institutions at 134½p and 230½p respectively; Laing A closed unaltered at 138p and Laing Property at 244p.

Gilt-edged quotations steadied after Wednesday's higher interest rate scare and subsequent sharp falls which stretched to 1½ points. Early trading yesterday was a little sensitive and the tone dull, more because of the sterling/dollar exchange rate than any other factor. But revived light demand soon restored prices to around overnight list levels and, although business remained in low key throughout longer-dated stocks eventually managed small net improvements on balance. After the official close, the shorts regained fractional losses to settle unchanged on the day.

Phoenix outstanding

Still reflecting hopes of a bid from Allianz, Phoenix soared 32 more for a jump of 60 so far this week to a new peak of 447p. Other Composite Insurances attracted revived support on takeover speculation, General Accident and Royals both closing 8 higher at 458p and 518p respectively. Commercial Union put on 6 at 193p and GRE firmed 5 at 517p. Among Lloyds Brokers, Hogg Robinson, at 140p, retrieved 4 of the recent fall which followed uninspiring half-year results.

Down around 5 initially on Press comment of a possible "windfall" profits tax being contained in the Chancellor's Budget proposals clearing banks rallied smartly after-hours. NatWest ended 7 better on balance at 655p and Barclays 5 up at 500p, after 490p. In Discount Houses, Clive reflected continued merger hopes with a rise of 3 to 49p.

Buildings, virtually unscathed in Wednesday's shake-out, performed well again. London Brick touched 135p before closing a net 3 up at 133p following its strong rejection of the Hanson Trust bid and forecast of sharply increased profits, up from £15.3m to an estimated £26m, plus a 30 per cent dividend hike. RMC firmed 6 to 402p on a broker's recommendation, while Blue Circle hardened 5 to 425p. Costain continued to attract buyers in the wake of the recently-announced £52m. Australian construction contract and gained 6 to a 1983-84 peak of 260p. Marchwiel and Higgs and Hill rose 6 apiece to 200p and 306p respectively, while recently-dull Turriff put on 5 more for a two-day gain of 17 to 205p. Elsewhere, Helical Bar, the subject of a 65p per share offer from Exent, advanced 15 to 75p on hopes of a "shell" operation, while F. Copson gained 9 to 32p following a broker's circular. Leyland Paint, up 8½ over the two previous days on a bid approach, encountered profit-taking and eased 2½ to 21½p. George Wimpey came under a certain amount of selling pressure and shed 4 to 137p.

ICI, down 12 on Wednesday, failed to attract much interest but helped by the shares' steadier performance on Wall Street overnight edged up a couple of pence to 638p. Comments on the interim figures lifted Ellis and Everard 5 to 200p, while buying ahead of next Wednesday's half-timer left Allied Colloids 3 dearer at 335p. Horace Cory attracted "new-time" interest and firmed 2 to 23½p.

Hepworth better

A much improved business developed for leading Stores which closed around the day's best. Gussies A, 625p, and Marks and Spencer, 229p, rose 8 and 6 respectively, while Burton gained 4 more to 444p. Once again, special situations prompted some noteworthy movements among secondary issues. J. Hepworth encountered a lively trade after the official close and rose 10 to 220p; sentiment was given a boost by a broker's favourable circular. For a similar reason Steinberg hardened a couple of pence to 130p, while increased interim profits and dividend lifted Stead and Simpson a penny to 99p. News of the annual deficit and details of the proposed flotation of the John Kent subsidiary left Amber Day 1½ lower at 16½p, while falls of 3 were common to Bolton Textile, 18p, and Sumrie Clothes, 90p, the last-mentioned following the vice-chairman's denial of rumoured share dealings outside the market; Le Chevalerique of Monaco now controls 13.6 per cent of the equity. Mail-orders featured Freemans which advanced 6 to 94p on the disclosure that the Provident Mutual Assurance holds a 5.5 per cent stake. Lincroft Kilgour closed 3 dearer at 69p on support ahead of next Tuesday's full-year results.

Revived speculative interest, centred around the much-rumoured association with Asil Nadir's Polly Peck, lifted Strong and Fisher 18 to 160p. Stylo, also buoyed by speculative activity, added 15 at 273p, after 275p.

Leading electricals encountered selling initially, but losses ranging to around 4 were soon reduced to only a penny or so. Racal, however, still recorded a fall of 7, at 213p, after having been down to 211p at one stage. Thorn EMI, in contrast, traded firmly at 677p, up 12, awaiting today's interim figures. Continued demand lifted Oxford Instruments 13 further to 328p and speculative support prompted a gain of 10 to 74p in Rotaflex. Farnall met with late buying interest and put on 12 to 395p. Among USM stocks, Mnemos were were good again at 35p, up 6, following a broker's circular.

Trading conditions in the Engineering sector were extremely quiet. Among the occasional movements, Belgrave (Blackheath) revived smartly with a rise of 13 to 134p. Tace also attracted support and put on 3 more to 157p, while GEI edged up a couple of pence to 74p.

Among Foods, United Biscuits gained 7 to 151p helped by acquisition news, while S. and W. Berisford attracted fairly persistent support and firmed 6 to 207p. Argyll hardened a couple of pence to 149p following an investment recommendation. Comment on the half-year figures helped Associated Dairies to improve a couple of pence to 158p. Elsewhere, Chambers and Fargus met with fresh speculative support on take-over hopes and gained 4 more to 36p.

Glaxo good

Glaxo featured with a rise of 35 to 795p on a revival of U.S. demand. Inclined easier in the earlier trading, other leading miscellaneous industrials picked up to close with small net gains. Elsewhere, Thomas French responded smartly to the increased dividend and sharply higher annual profits, rising 25 to 255p. Continued U.S. bid speculation lifted Booker McConnell 4 further to 99p, while Polly Peck, reflecting the optimistic tenor of the chairman's annual statement at yesterday's meeting, closed 1¼ higher at £29. Buying was again forthcoming for Bellair, up ½ further at £13¼. S. Pearson extended their recent strong advance and closed 13 higher at a new 1983-84 peak of 419p; increased support yesterday aroused speculation ranging from U.S. bid possibilities to brighter prospects of the group's ceramic and engineering divisions establishing good profit recoveries this year. Revived demand lifted Smiths Industries 15 to 505p, while LCP rose 5 to 91p on a report that the company is in discussions with its financial advisers about the possible demerger of Evans Halshaw. Rank Organisation continued to make progress at 204p, up 5, but Radiant Metal, strong recently on bid speculation, came back 4 to 91p. Satisfactory interim figures left FH Industrials 4 dearer at 81p.

Pleasurama's more-than-doubled preliminary profits and scrip issue proposal seemed to be well discounted and the shares drifted back on sporadic profit-taking to close 8 cheaper at 330p.

Proceedings in the Motor sectors were dominated by recently-buoyant Group Lotus, which dropped to 66p following the Inland Revenue assessment of the company's involvement with De Lorean, but the company's subsequent rebuttal of the claim left the close only 4 cheaper at 70p. Elsewhere, Solex encountered sporadic profit-taking in the wake of recent moves into the fuel injection business and eased a few pence to 96p. Among Distributors, Kenning announced a substantial increase in preliminary profits but the shares, firm of late, closed 5 cheaper at 135p.

Associated Newspapers revealed preliminary profits well in excess of most market estimates and advanced 23 to 443p; the associate Daily Mail and General Trust closed 40 better at 800p.

Properties steadied after the previous day's setback and, helped by late demand, closed on a firm note. MEPC finished 4 dearer at 272p; the MEPC First Mortgage Debenture stock 2024 (£25-paid) opened at £24½ and moved up to £25. Land Securities edged up a couple of pence to 274p, as did Great Portland Estates, to 144p. Other quality issues also managed modest progress. Elsewhere, an investment recommendation lifted Rohan 20 to 195p, while speculative interest left Alfred Walker 4 up at a 1983-84 peak of 67p. Lynton hardened a couple of pence to 282p; Colguy Holdings has increased its stake in the company to 17.28 per cent.

Recovery prospects stimulated persistent support of Shippings with British and Commonwealth a fraction dearer at £10, and Caledonia 25 better at 900p. P & O Deferred closed 5 to the good at 245p, while Ocean Transport added 4 at 112p.

Carpets International firmed a couple of pence to 66p following the sale of two businesses to Interface Flooring Systems. Elsewhere in Textiles, Harold Ingram attracted fresh speculative support and improved 20 to 330p, while Ireland's Youghal Carpets, the subject of sizeable "call" option business recently, rose 2 to 14p.

Late rally in Oils

Initially dull Oils closed with modest gains on balance. Britoil were finally 5 to the good at 210p on news of the go-ahead for the Beatrice "C" field and the drilling report from Block 16/13A in the North Sea. BP rallied from an initial 390p to close 3 up on balance at 398p; the new shares were quoted similarly higher at 403p. Shell encountered good support in late trading and put on 5 to 598p. Ultramar were a firm market and rose 12 at 620p, while Tricentrol edged up 3 to 188p. Second-line issues provided highlights in Saxon Oil which jumped 20 more to a year's best of 278p amid vague takeover talk. Bryson Oil and Gas closed a similar amount up at 270p, after a 1983-84 high of 275p, following news that the company has increased its interest in the San Patricio project in Colombia to 10½ per cent. Bryson also announced a placing of 150,000 shares at 250p a share to raise £375,000 to fund its expansion in Colombia. Atlantic Resources rose 20 to 660p.

Overseas Traders returned to favour and Lonrho closed 5 better at 116p. Inchcape continued to respond to takeover rumours and added 8 at 315p, while James Finlay, boosted by the recent strength of the tea price, hardened a few pence to 137p.

Relatively subdued Plantations featured Gadek (Malaysia), which advanced 18 to 131p, albeit in a restricted market.

De Beers strong

De Beers held the centre-stage in mining markets; vague rumours of an imminent reshuffle of the Anglo/De Beers/Minorco/Charter interests were quickly followed by strong Continental demand for De Beers bearer stock.

This prompted heavy speculative interest in De Beers registered scrip, which touched 570p before reacting on profit-taking to 555p and rising again late to close a net 33 up at 567p. Anglo American Corporation edged up to £11½ before ending the day ¼ harder at £11¾, while Minorco moved up 13 to 750p. Charter Consolidated, the Anglo-De Beers group's UK associate, which has attracted strong speculative support in recent days following the company's acquisition of a near 30 per cent interest in brokers Rowe and Pitman, edged up 2 to 255p.

South African Golds were overshadowed by the activity in De Beers, but continued to make progress on currency considerations. Bullion was said to be routine and quiet but the leaders closed with widespread gains, especially Western Deep, £1½ higher at £34½ and Western Holdings, a point to the good at £30. Cheaper-priced issues showed Deelkraal a further 5 up at 265p, while Elsburg advanced 15 to 240p and marginal producer South African Land 12 to 422p.

The Gold Mines index moved ahead for the third successive day, registering an 8-point gain at 554.5.

Rio Tinto-Zinc dipped to 628p prior to ending a net 2 firmer at 634p. Platinums registered good gains across the board, helped by good support from Johannesburg and London. Rises of 10 were common to Impala, 900p, Lydenburg, 530p and Rustenburg, 745p.

Leading Australians were unsettled by the continuing weakness of copper prices. Bougainville remained a vulnerable market and gave up 7 at 166p, while Peko-Wallsend dropped a further 6 to 368p.

Elsewhere, Canadian buying lifted Sabina 5 to 82p.

Demand for Traded Options continued to expand and total contracts struck yesterday amounted to 2,948—2,411 calls and 537 puts. Operators returned for Lonrho positions, especially the February 110's which accounted for 281 trades out of 703. Recent favourite GEC attracted 348 calls, while 221 were taken out in Imperial Group.

FINANCIAL TIMES STOCK INDICES

	Jan. 12	Jan. 11	Jan. 10	Jan. 9	Jan. 6	Jan. 5	year ago
Government Secs	83.00	82.98	83.56	83.77	83.54	83.48	77.70
Fixed Interest	87.04	87.07	87.22	87.23	87.14	86.71	79.98
Industrial Ord.	796.0	790.0	796.8	800.0	794.5	783.5	604.6
Gold Mines	554.5	546.5	543.5	529.5	557.1	562.4	650.4
Ord. Div. Yield	4.45	4.49	4.46	4.43	4.49	4.53	4.95
Earnings, Yld.% (full)	9.09	9.19	9.12	9.09	9.15	9.27	10.68
P/E Ratio (net) (*)	13.41	13.27	13.36	13.41	13.32	13.15	11.24
Total bargains	25,569	24,030	26,591	28,034	20,854	20,237	20,710
Equity turnover £m.	—	330.70	289.25	318.60	375.54	326.71	233.20
Equity bargains	—	25,019	26,275	31,256	23,799	20,693	20,376
Shares traded (ml)	—	207.7	183.8	196.2	235.8	193.9	147.0

10 am 788.9. 11 am 788.9. Noon 789.8. 1 pm 790.5. 2 pm 790.7. 3 pm 791.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=12.61.

HIGHS AND LOWS

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	87.23 (9/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	800.0 (9/1/84)	598.4 (12/1/83)	800.0 (9/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 11	Jan. 10
—Daily Gilt Edged Bargains	195.3	178.0
Equities Bargains	162.1	170.8
Value	668.4	584.6
5-day Avrge Gilt-Edged Bargains	177.7	168.1
Equities Bargains	164.5	155.3
Value	660.1	609.5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Jan 12 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 11 Index No.	Tues Jan 10 Index No.	Mon Jan 9 Index No.	Fri Jan 6 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (205)	484.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	485.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES	Thur Jan 12	Day's change %	Wed Jan 11	xd adj. today	xd adj. 1984 to date
British Government 1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures and Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Thur Jan 12	Wed Jan 11	Year ago (approx)
British Government 1 Low 5 years	[illegible]	[illegible]	[illegible]
2 Coupons 15 years	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]
4 Medium 5 years	[illegible]	[illegible]	[illegible]
5 Coupons 15 years	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]
7 High 5 years	[illegible]	[illegible]	[illegible]
8 Coupons 15 years	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12 15 years	[illegible]	[illegible]	[illegible]
13 25 years	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 30,062

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (104)

AMERICANS (2), CANADIANS (6), BANKS (2), BUILDINGS (3), CHEMICALS (2), STORES (7), ELECTRICALS (9), ENGINEERING (7), FOODS (5), INDUSTRIALS (17), INSURANCE (2), LEISURE (1), MOTORS (1), NEWSPAPERS (2), PAPER (1), PROPERTY (4), SHOES (1), SOUTH AFRICANS (1), TRUSTS (16), OIL AND GAS (10), OVERSEAS TRADERS (1), PLANTATIONS (3), MINES (9)

NEW LOWS (7)

[illegible]

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+or-	Net Div.	Times covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Air Call	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Carlton Communications 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Charterhouse Pet.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Herman Smith 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Meggitt 5p	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 9	Jan 20	April 2	April 16
Jan 23	Feb 3	April 26	May 8
Feb 6	Feb 17	May 10	May 21

For rate indications see end of Share Information Service

Call options were arranged in Raglan Properties, Low and Bonar, Carpets International, Eglinton, Lonrho, Debenhams, Grovebell, Bowater, Aran Energy, BHP, First National Finance, Brewster and Phoenix Assurance. A put was taken out in J. E. England, while double options were transacted in Bowater and First National Finance.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	562	549	1,474

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc Dairies	158	+2
Belgrave (Blackheath)	134	+13
Bryson Oil and Gas	270	+20
De Beers Defd	567	+33
ICI	638	+2
Laing (John) A	139	−3
Lonrho	244	[illegible]
London Brick	133	+3
Phoenix Assurance	447	+32
Saxon Oil	278	+20
Strong and Fisher	160	+18
Wimpey (George)	137	−4

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Phoenix Ass	16	415	+20
Beecham	14	310	−5
Glaxo	13	760	+10
ICI	13	636	+7
Trafalgar House	13	218	−5
Charter Cons	12	253	+1
ICI	12	630	−12
Reckitt & Cimn	12	440	−8
Bellair Cosmetics	11	£12¾	+1¼
Barclays Bank	10	495	−5
Blue Circle	10	420	−5
BP	10	395	−8
Distillers	10	259	−2
Midland Bank	10	388	−2

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Jan. 12. Total Contracts 2,948. Calls 2,411. Puts 537.

* Underlying security price

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	Yield Int.	Red.
101¼	99½	Exch 11¼pc 1984	100	11.24	9.70
104⅜	100	Exchequer 14pc 1984	101	13.80	9.68
97½	92½	Exch. 3pc 1984	97½	3.07	8.97
102	100	Treasury 12pc 1984	101½	11.82	9.61
107	104	Treasury 15pc 1985	104	14.29	10.07
107	101	Exch 12pc Cnv '85	102	11.72	9.85
94⅛	88⅝	Treasury 3pc 1985	94	3.19	7.69
102½	99⅞	Treasury 11½pc 1985	101	11.28	10.09
102	95	Treas 8¾pcCnv '85	98	8.87	9.67
103⅞	100⅛	Exch. 12¼pc 1985	102	11.90	10.40
102⅞	99	Exch 11¾pc '85	102⅛	11.50	10.57
102¼	97⅛	Treas 10pc Cnv 1986	101¼	9.87	9.21
89	85⅝	Treasury 3pc 1986	89⅛	3.36	8.18
101	97	Exch. 10½pc Cv '86	100	10.45	10.26
103	100	Treasury 12pc '86	102½	11.71	10.77
98¼	94⅝	Treasury 8¼pc '84-86‡‡	98	8.67	9.43
114	103¼	Treas 12¼pc '86 Cnv	110	11.14	7.78
109	105	Exch. 14pc 1986	107	13.04	10.85
85	84½	Exch 2½pc 1986	85½	2.92	8.29
107¼	103⅝	Exch. 13¼pc 1987	106xd	12.49	10.84
100	95⅞	Treas 10¼pc Cnv '87	99xd	10.32	10.52
84	80¼	Exchequer 2½pc 1987	84	2.98	8.44
100	95⅞	Exch 10½pc 1987	99	10.59	10.77
93¼	88⅛	Funding 6½pc '85-87‡‡	91½	7.10	9.56
98	96	Treas 10pc 1987	97	10.22	10.74
86	80¼	Treasury 3pc 1987	83xd	3.60	8.58
104⅝	99⅞	Treas 12pc 1987	103¼	11.62	10.90
93	89⅞	Treasury 7¾pc '85-88‡‡	93½xd	8.29	9.73
101½	95½	Exch 10½pc '88	99	10.57	10.69
98⅛	95	Treas 9¾pc Conv '88	97¼	10.03	10.52
81½	75¼	Transport 3pc '78-88	81½	3.68	8.01
96⅛	90¼	Treas. 9½pc '88	95	9.96	10.76

Five to Fifteen Years

1983-84 High	Low	Stock	Price £	Yield Int.	Red.
106¼	95⅛	Treasury 11½pc 1989	106¼	11.31	11.03
103	94¼	Treas 10½pc 1989	99¼	10.67	10.89
60¼	59⅝	Exch 10pc 1989 (£60pd)	59	10.41	10.97
83⅛	76	Treasury 5pc '86-89	83¼	6.10	9.07
114	103	Treasury 13pc 1990‡‡	108¼xd	12.02	11.09
110⅝	100⅞	Exch. 12½pc 1990	109⅞	11.79	11.12
93¼	86¼	Treasury 8¼pc '87-90‡‡	90¼	9.16	10.39
108¼	97	Treasury 11¾pc 1991	102⅝	11.46	11.21
83	74⅜	Funding 5¾pc '87-91‡‡	82⅛	7.14	9.53
103	95⅞	Exch 11pc 1991	102⅛	11.00	10.99
114⅛	102	Treasury 12¾pc '92‡‡	107⅞xd	11.79	11.18
100⅝	88¼	Treasury 10pc 1992	99¼	10.44	10.78
111⅛	98½	Exch 12¼pc '92	110	11.64	11.26
117	106½	Exchequer 13½pc '92	116	12.07	11.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1983-84 High	Low	Stock	Price £	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1983-84 High	Low	Stock	Price £	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25⅞	22⅛	Consols 2½pc	25xd	9.87	—
25⅞	22⅛	Treasury 2½pc	25⅛	10.04	—

Index-Linked

1983-84 High	Low	Stock	Price £	+ or −	(1)	(2)
106	98⅞	Treas 2pc I.L. '88	104⅝		2.98	3.44
91⅛	91	Do 2pc I.L. '90	91		3.10	3.43
111¾	99⅞	Do. 2pc I.L. '96	105⅞	−⅛	3.26	3.42
103⅞	93¼	Do 2½pc I.L. 2001	97¼	−⅛	3.08	3.21
104	91¼	Do 2½pc I.L. 2003	96¼	−⅛	3.04	3.17
107½	94¾	Do. 2pc I.L. 2006	99xd	−⅛	2.96	3.07
104½	91¾	Do 2½pc I.L. 2009	95¼	−⅛	2.97	3.07
109½	101⅞	Do. 2½pc I.L. 2011	102¼		2.92	3.02
100¼	88¼	Do 2½pc I.L. 2016	92¼xd	−⅛	2.88	2.97
92⅛	91⅛	Do 2½pc I.L. 2020	91⅞	−⅛	2.83	2.91

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
121½	102½	Australia 13½pc 2010	116xd	−¼	11.58	11.51
30½	25¼	Do 11½pc Ln 2015	30	−¼	11.36	11.37
101½	85	Euro Inv Bk 11pc Ln 2002	100½	−¼	11.33	11.30
107⅞	103½	Finland 14½pc Ln 1986	107¼		13.52	10.90
108⅞	90⅛	Int-Am Dev Bk 12½pc 2003	104½xd	−¼	11.98	11.91
106¾	102½	Int. Bank 13½pc 1986	105¼xd		12.83	10.92
108¼	104¼	Do 14pcLn 1987	107¼		12.99	11.09
102¼	96	Mlysia 12¼pc Ln '88	101½xd	+⅛	12.07	11.76
97¾	77¼	Mex 16½pc 2008	97¼	−½	18.09	18.09
109¼	104¼	N Z. 14¼pc 1987	108¼xd	+¼	13.10	11.12
100¼	91⅛	Do. 11¼pc 2008	99¼		11.52	11.53
105⅞	101½	Sweden 13½pc 1986	105		12.86	10.88
116⅝	95	Do 13½pc Ln 2010	111⅛	−⅛	12.09	12.02

CORPORATION LOANS

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
101¼	97	Bath 11¼pc 1985	101		11.14	10.60
103½	99¼	B'rm'ham 12½pc 1985	102½		12.19	10.47
105⅞	101½	Burnley 13pc 1987	105¼	+¼	12.36	11.08
100½	95½	Cardiff 11pc 1986	100¼		10.97	10.86
102½	100	G.L.C. 13¼pc 1984	100		13.22	10.32
82	70½	Do. 6¼pc 90-92	81¼	−¼	8.54	10.67
89	82¼	Herts 6½pc 1985-87	89	+⅛	7.59	10.53
121¼	107½	Leeds 13½pc 2006	121	−¼	11.53	11.34
100¾	97	Liverpool 9¼pc '80-84	100		9.75	9.66
30¼	27½	Do 3½pc Irred	30¼		11.55	—
98⅛	93¼	Lon Corp 9¼pc '84-'85	98¼		9.42	10.34
98¼	81¼	LCC 5½pc '82-84	98¼xd		5.60	8.95
86⅛	79⅛	Do 5½pc '85-87	86	−¼	6.39	10.46
83	75	Do 6¾pc '88-90	82xd		8.22	10.62
26⅛	23¼	Do 3pc '20 Aft	26¼	−½	11.74	—
103	100	Sunderland 12¼pc 1984	102		12.00	9.74

COMMONWEALTH AND AFRICAN LOANS

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
84¼	74¼	N.Z. 7¼pc 1988-92	82		8.86	10.54
94⅛	88¼	Do. 7½pc '83-86	94½		8.02	10.54
181	158	S. Rhod 2½pc Non-Ass	180		—	—
86	74	Do 3½pc 80-85 Assd	83		4.28	15.80
57	44	Do 4½pc 87-92 Assd	52½xd		8.89	15.40
395	321	Zimbabwe Ann (£100pd)	347		—	16.00

LOANS

Building Societies

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
100	99	N'wide 11⅞pc 23.1.84	100		—	—
100⅞	100	Do. 11⅞pc 13.2.84	100		11.87	10.09
100	99	Do 11¼pc 19.3.84	100		11.23	9.91
100⅞	99⅞	Do 11¼pc 9.4.84	100¼		11.22	9.81
100	99½	Do. 10¾pc 30.4.84	100		10.67	9.76
100	99⅞	Do. 10⅞pc 29.5.84	100xd		10.83	9.73
100⅞	99½	Do 10⅞pc 18.6.84	100⅜		10.83	9.82
100	99½	Do. 10⅝pc 9.7.84	100xd		10.52	9.63
100	99¼	Do. 10⅞pc 30.7.84	100¼xd		10.79	9.49
100	100⅛	Do 11¼pc 20.8.84	100		11.19	10.17
100¼	99⅞	Do 11pc 3.9.84	100⅛	−⅛	10.22	10.08
100⅛	99⅞	Do 10⅜pc 8.10.84	100		10.25	9.68
100	99⅞	Do. 10¼pc 5.11.84	99	−⅛	10.26	10.31

Public Board and Ind.

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
77½	71¼	Agric. Mt. 5pc '59-89	75¼xd		6.65	11.14
37⅞	31¼	Met. Wtr. 3pc 'B'	37½		8.24	11.03

Financial

1983-84 High	Low	Stock	Price £	+ or −	Int.	Red.
97½	92	Inv in Ind 6¼pcDb'81-'84	97		6.52	11.60
106½	96¼	Do. 10½pcUnLn '86	100		11.08	13.50
104	96½	Do. 11pc Uns Ln '88	102	−½	10.83	10.50
104½	97½	Do 11¾pc Uns Ln '90	104xd		11.35	10.90
109	91½	Do. 12¼pc Un. Ln 1992	108½	−½	11.97	11.70
81½	74½	Do. 7¼pc A Deb '89-92	80½		9.13	10.90
81	70½	Do 7¼pcADeb '91-94	80		9.43	10.90
91½	80½	Do 9% A '91-94	91	−½	10.23	10.95
90	72	Do 8⅞pcLn. '92-97	90		10.33	10.75

FOREIGN BONDS & RAILS

1983-84 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	13		—	—
11	10	Do 5pc 1912	11		—	—
11	8	Do 5pc 1913	9		—	—
9½	5½	Do 5pc '25 Boxer	9		—	—
52	40	Greek 7pc Ass.	52		3.50	16.82
50	41	Do 6pc 28 Stb. Ass	50		3	16.2
46	38	Do 4pc Mixed Ass	46		2	14.36
48½	27	Hung '24 Ass	48½		2.75	F5.91
122½	102½	Hydro-Quebec 15pc Ln 2011	120½	−½	15	12.56
82	75	Iceland 6½pc '83-88	80		6.5	12.20
111½	94½	Do 14½pc Ln 2016	107½xd	−½	14.5	13.40
89½	76¼	Ireland 9¾% '91-96	89½		9.75	11.88
303	275	Japan 4pc '10 Ass	299		—	—
93	81½	Do 6pc '83-88	87xd	−3	6	9.40
161	161	Peru Ass. 2007	161		5.22	13.29
592	575	Turin 9pc 1991	592		9	19.78
DM95	DM88	Turin 6½pc 1984	DM95		6.5	13.90

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	73	.....	Fin. 13% 97/02	£96¼	.....
Bog'wtr. Est. 50p	320	.....	Alliance Gas	75	.....
Craig & Rose £1	900	.....	Arnott	212	+2
Finlay Pkg. 5p	40	.....	Carroll (P.J.)	109xd	.....
Higsons Brew	85	.....	Concrete Prods.	92	.....
Holt (Jos.) 25p	890	.....	Hall (R. & H.)	60	.....
I.O.M. Stm. £1	127	.....	Heiton (Hldgs.)	17	.....
			Irish Ropes	40	.....
IRISH			Jacob	65	.....
Exch. 12% 1985	£99	.....	T.M.G.	85	.....
Nat 9¾% 84/89	£85¾xd	.....	Unidare	77	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min.	6
Cadburys	11	N.E.I.	10	Brit. Petroleum	35
Courtaulds	11	Nat. West. Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	20	Premier	5
Dunlop	5	Racal Elect.	18	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	19	Ultramar	60
Gen. Accident	42	Reed Intnl.	34		
Gen. Electric	17	Sears	8	**Mines**	
Glaxo	75	T.I.	14	Charter Cons.	22
Grand Met.	30	Tesco	16	Cons. Gold	50
G.U.S. 'A'	55	Thorn EMI	55	Lonrho	8
Guardian	45	Trusthouse	16	Rio T. Zinc	50
G.K.N.	16	Turner & Newall	8		
Hawker Sidd.	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Insurances—continued

Offshore & Overseas—continued

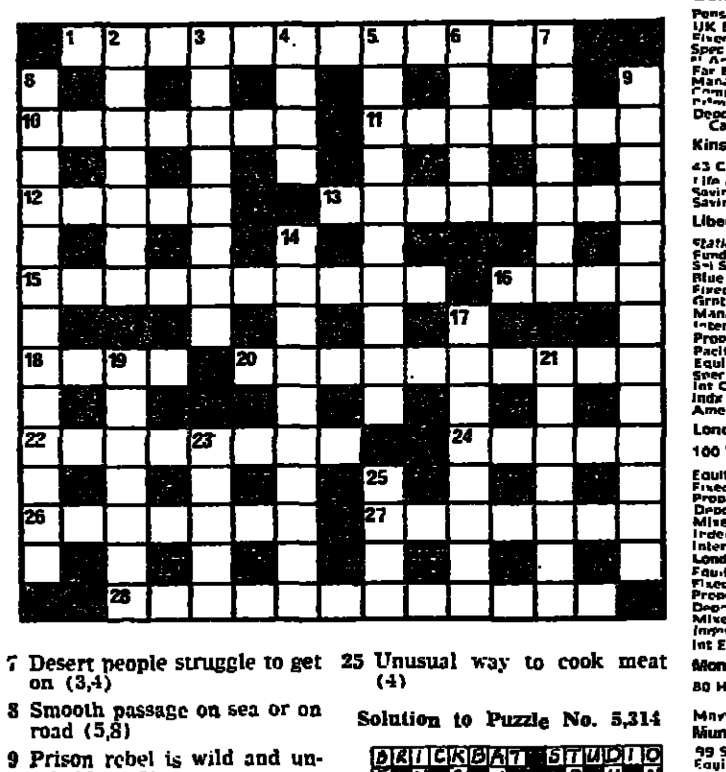
Money Market Trust Funds

	Nom	APR	Int cr	Notice
Mallinhall Ltd				
36 Berkeley Sq. W1X 5DA			01-499 6634	
MallinhallMyFd	8.97	9.21	Qrt	Call
The Money Market Trust				
63 Qn Victoria St EC4N 4ST			01-236 0952	
Call Fund	8.81	9.02	6mth	Call
7-day Fund	8.78	8.98	6mth	7day
Oppenheimer Money Management Ltd				
66 Cannon St EC4P 4ST.			01-236 0733	
Call Fund	8.80	8.99	6mth	Call
7-day E	8.67	8.85	6mth	7day
HighIntDpAcc	8.80	8.99	6mth	1day
Dollar	8.37	8.54	6mth	2day

Money Market Bank Accounts

	Nom	APR	Int cr	Notice
Aitken Hume				
1 Worship St. EC2A 2HQ.			01-638 6070	
Treasury Acc	8.75	9.04	Qtr	Call
Monthly Acc*	8.65	9.00	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH.			01-628 8060	
Cheque Acc*	9.00	9.38	Mth	Call
Britannia Gp of Unit Trusts Ltd				
29 Finsbury Circus. EC2M 5QL.			01-588 2777	
Cater Allen*	8.875	9.245	Mth	Call
Charterhouse Japhet PLC				
1 Paternoster Row. EC4M 7DH.			01-248 3999	
Sterling*	9.00	9.38	Mth	Call
U S. Dollar	9.38	9.92	Mth	Call
German Marks	5.50	5.72	Mth	Call
Swiss Francs	1.25	1.25	Mth	Call
Choulartons				
30 Ashley Rd. Altrincham. Cheshire WA14 2DW.			061-928 9011	
Cheque Acc*	10.03	10.5	Mth	Call
Dartington & Co Ltd				
Dartington. Totnes. Devon TQ9 6JE.			0803 862271	
Mny Mkt Acc*	8.75	9.04	Qtr	Call
Lombard North Central PLC				
17 Bruton St. W1A 3DH.			01-409 3434	
Notice Dep	9.0	9.2	Rate	14day
M & G Group				
01-99 New London Rd. Chelmsford CM2 0PY.			0245 51651	
Kimwt Bren HICA*	9.1	9.5	Daily	Call
Save & Prosper				
28 Western Rd, Romford RM1 3LB.			0708 66966	
Ring High Int*	8.34	8.70	Daily change	Call
Tyndall & Co				
29 33 Princess Victoria St' Bristol BS8 4RX				

F.T. CROSSWORD PUZZLE No. 5,315



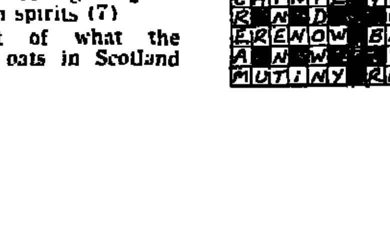
ACROSS

1 Covers a lot of ground getting round object on foot (5-7)
10 Pays out retired nurses (7)
11 Will brown bread at store be different? (7)
12 Lets out some of them, it seems (5)
13 Broken case delayed climb (8)
15 Fruit for my darling girl? (10)
16 He needs a place to park battered old car (4)
18 A race of trees (4)
20 With piece of bread is excellent way to serve an edible crab, for example (10)
22 The lady to shop for antique furniture? (8)
24 Morning in Westminster for Hindu leader (5)
26 New like leading supporter by the nose (7)
27 A party which is lacking in consideration for others (7)
28 Put the situation on the table for everybody (5-7)

DOWN

2 Greek captured by the French network (7)
3 Can trains be replanned to provide some support for rail? (8)
4 Her post as kennel maid includes this chore (4)
5 Blunt the point by stupidity (10)
6 First class in Art: backward in jewellery (5)
7 Desert people struggle to get on (3,4)
8 Smooth passage on sea or on road (5,8)
9 Prison rebel is wild and unreliable (13)
14 A standard sort of player? (10)
17 Crisis over wine required for the entree (8)
19 Maintains hold on drink (5.2)
21 No ale containing it gives rise to high spirits (7)
23 Constituent of what the locals call oats in Scotland (5)
25 Unusual way to cook meat (4)

Solution to Puzzle No. 5,314



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd	243.19			—
Managed Inv. Fd	164.78	173.46		—
Property Fd	152.16	160.17		—
Fixed Interest Fd	148.30	156.11		—
Cash Fd	137.87	144.71		—
Income Fd	181.54	191.10		—
Extra Income Fd	174.41	183.59		—
Worldwide Growth Fd	233.27	245.55		—
Balanced Fd	183.11	192.75		—
Smlr Co's & Recy. Fd	210.79	221.88		—
Int. Technology Fd	269.88	283.25		—
Nth. Amer & Gen. Fd	162.45	171.00		—
Energy Int. Fd	108.48	114.19		—
Pacific Basin Fund	149.98	157.88		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117.4	123.6		—
Property	120.8	127.1		—
Equity	121.6	128.0		—
International	131.3	138.2		—
Fixed Interest	104.7	110.2		—
Deposit	100.4	105.7		—
Managed Pen. Cap.	118.2	124.4		—
Property Pens. Cap.	122.9	129.4		—
Equity Pens. Cap.	116.6	122.8		—
Intnl. Pens. Cap.	136.7	143.9		—
Fixed Int. Pens. Cap.	101.5	106.5		—
Deposit Pens. Cap.	97.8	103.0		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Dec 29	97.4			—
Rtmt. Fed. Jan. 6	280.3			—
Managed Pen Fund	187.7	197.5		—
Property Pen Fund	115.5	121.6		—
Index Lnkd Pen Fund	112.0	117.9		—
Managed	126.8	133.5	-0.1	—
Property	106.2	111.8		—
Gilt and Fixed Interest	108.6	114.4	-0.3	—
Index-Linked	97.6	102.8		—
Equity	126.4	133.1	+0.2	—
Cash	105.4	111.0		—
Midland Bk. Unit Tst.	125.4	132.1	+0.3	—
Midland Bank Intnl.	150.7	158.7	+0.2	—

Cannon Assurance Ltd.

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	128.4	135.2	+0.5	—
GT Pln High Yld Fnd	130.9	137.8		—
GT Plan Far East Fnd	129.3	136.2		—
GT Plan N. Am Fd	147.6	155.4		—
GT Pln UK&G.E. Fnd	147.0	154.8		—
GT Pln Wrldwde Fnd	149.8	157.7		—
GT Pension Bnd Fnd.	141.4	148.9	+0.6	—
GT Pen High Yld Fd.	149.8	157.7		—
GT Pen Far East Fd.	159.7	168.4		—
GT Pen N. Am. Fd	216.7	228.2		—
GT Pen UK & G.E. Fd.	169.8	178.8		—
GT Pen Worldwide Fd.	161.2	169.7		—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0733

Intl. Managed Bond	170.2	179.2		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		261.0		—
Portfolio Fd. Int.		213.6		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	286.3	300.6	+5.3	—
Money Fd	156.9	165.1	+0.2	—
Equity Fd	240.9	253.8	+3.5	—
Fixed Int. Fd	119.6	126.0		—
Property Fd	174.2	183.6		—
Managed Pen. Fd	266.6	280.9		—
Equity Pension Fd	190.3	200.5		—
Fixed Int. Pen. Fd	169.6	178.7		—
High Yield Pen. Fd	167.4	176.4		—
Money Pension Fd	130.4	137.0		—
Property Pension Fd	128.5	135.4		—
Gresham/Framlington				
American & Gen. Fd.	264.8	278.2	+0.3	—
Income Fd	197.4	208.0	+1.0	—
Int'l. Growth Fd	287.9	303.4	-1.4	—
Capital Fund	210.0	221.3	-0.3	—
Recovery Fund	160.8	169.4	-0.3	—

Growth & Sec. Life Ass. Soc. Ltd.

OFFSHORE AND OVERSEAS

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.90		+0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10 St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	21.9	22.8		—
Chinese Fund	65.3	68.0	-1.1	—
Precious Metal Fund	115.7	120.5		—
Vanguard Cmdy. Fd.	34.6	35.5	+0.5	—
Financial Futures Fd.	63.1	65.7	-0.5	—
Wren Intl. Fnd.*	$0.663	0.691	+0.14	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

EEC proposes freeze on cereal, wine and dairy product supports

BY IVO DAWNAY IN BRUSSELS

A FREEZE on support prices for dairy products, cereals and wine is proposed by the EEC Commission in its farm price package for 1984-85, announced last night. Altogether, the commission proposes that farm prices should be raised by an average of only 0.8 per cent.

The commission said that the package which now goes to negotiations between farm ministers at the Agricultural Council, could cut spending by 900m European currency units (£513m) if markets remain stable.

The commission is proposing a complex reorganisation of intervention prices in the dairy sector, cutting the intervention rate for butter by 11.4 per cent while increasing rates for skimmed milk powder by 10.9 per cent.

The effect of this is intended to increase butter sales and reduce expensive storage costs while maintaining the total cost of intervention at 1983 levels.

Limited increases have been allowed for certain products however. Durum wheat, used predominantly in pasta making, has escaped the cereals freeze with a 1 per cent increase on its intervention price. Beef and veal, sheepmeat and pig meat have all been allowed a 1.5 per cent rise. Sugar would get a 1 per cent increase.

On olive oil, a product important to the Mediterranean producers, the commission is allowing a 2.5 per cent increase, with a similar rise for most protein products.

Rises of up to 3 per cent are proposed for fruit and vegetable products and 3.5 per cent for rice.

On tobacco the 1984 rates vary from minus 2 per cent to plus 3 per cent depending on variety.

The commission is proposing a cut of 1 per cent for colza and rapeseed where these exceed the quota thresholds. The commission has also moved to reduce Monetary Compensatory Amounts, the *complex system of cross border* tariffs and rebates paid to iron out currency imbalances. The effect of the proposals will be to reduce the differentials by as much as a half.

Overall, the total commission price package will reduce farmers' payments in national currencies in four of the ten member states, giving increases to the remaining six.

Those suffering reductions are West Germany, 3.5 per cent; the Netherlands and the UK, both 1.9 per cent; and Denmark, 0.4 per cent.

Those enjoying increases in prices for their products are Greece, 3.4 per cent; France, 3.1 per cent; Belgium, 2.3 per cent; Ireland 2.1 per cent; Italy, 0.8 per cent; and Luxembourg, 1.9 per cent.

The total package in ECU's gives an average increase to the community of just 0.8 per cent, which in averaged national currencies declines to just 0.1 per cent.

Cocoa rises in reaction to recent sell-off

By Our Commodities Staff

COCOA PRICES rose sharply on the London futures market yesterday in a continued reaction against the recent sell-offs.

The May position ended the day £38 up at £1,910.50 a tonne but remained £23.50 down on the week so far, and more than £120 below the five-year peak reached at the beginning of this month.

An initial rise was trimmed back in the morning as doubts were cast on reports that West *African crops were bigger than* recently estimated. But buyers returned to the market in the afternoon.

● *PAKISTAN rejected all palm* oil offers at its import tender yesterday. India also cancelled its routine weekly tender because of high prices.

● EXPORT duty on most grades of Malaysian rubber was lowered to 24½ cents per kilo from 25½ cents.

● CHINA'S 1983 natural rubber output rose 6.6 per cent to 160,000 tonnes but was 90,000 tonnes below consumption. Synthetic rubber made up the shortfall.

● RUMOURS that the Soviet Union was about to buy more white sugar from the world market boosted values on the London futures market yesterday.

The May position ended the day £5.50 up at £151.125 a tonne.

● BRAZIL hopes to become a member of the Association of Tin Producing Countries.

● THE 1984 commercial crop in Sao Paulo, Brazil, is estimated at 7.753m tonnes, up 6 per cent from last year.

● BRITISH bacon curers reduced the wholesale price of bacon sides by £55 a ton, the second reduction in a month, to £1,310.

Resigned acceptance of surpluses warning

Farmer's viewpoint: By John Cherrington

THE MOST astonishing facet of the Oxford Farming Conference was the way more than 400 farmers accepted Sir Henry Plumb's speech advocating restrictions on output by quota or price freeze.

This was the Tory leader in the European Parliament, an ex-president of the NFU, a one-time fervent advocate of the EEC's Common Agriculture Policy (Cap) and belittler of its surplus mountains.

In the old days, he could hardly make a speech without using the hungry millions as a justification for overproduction. He had quoted approvingly the dubious EEC statistics that the surpluses amounted to only a few days' or weeks' production.

Now he was saying the overproduction is a serious problem that has to be faced. A few months ago, his conference speech would have drawn a *barrage of criticism from the* progressive farmers in the assembly.

But there was not even a groan from his audience, who know the honeymoon of open-ended guarantees is coming to an end and that the future is uncertain.

This change of mood began in September when Graham Meadows of the EEC Commission issued his warning to farmers and was roundly attacked for his pains. But the message has been reiterated so often, even by the Minister of Agriculture, that Sir Henry's contribution was final confirmation.

The conference theme was The Paradox of Plenty, and this was well defined by Mr Einar Jensen, a Danish economist. His message was familiar: the malnutrition among rising world populations existing alongside over-production in the Western countries.

His prediction struck me as realistic but to the idealists who think the world can be changed by positive action would be disheartened. The hungry people would have to grow more and trade more, while EEC farmers would have to accept output cuts. How and when these things would happen he could not say.

James Shute, an American farm consultant, also considered ourselves. He divided us into two sorts of people: Type A or Thatcherite attitude. Their salvation was in their own hands and he instanced China's success in stemming population increase and encouraging very *intensive farming.* Too much aid would simply encourage higher fertility and too much sharing of resources would soon bring the whole world down to third world standards.

And what about the endemic surpluses? The worst thing would be for the producing countries to compete in trade wars. He foresaw a better farming world in which farmers were free of Government controls and distortions. Supply management, he said, should be internationalised—a sort of agricultural Opec.

He then destroyed the logic of his argument by suggesting that world population would double within the next 40 years and that as long as Governments could be kept out of farming all would be well. I did not have the chance to ask where the money was coming from.

At this point, the organisers brought on an antidote to the depression. Mrs Margaret Charrington of the Think British campaign tried to galvanise us into doing more for ourselves. She divided us into two sorts of people: Type A says "Let it happen," and Type B says "Let's do something about it."

Type B does not moan about difficulties but regards every problem as a challenge. In farming I fear she would look on me as Type A, as I regard problems as being best circumvented and not challenged head-on. It can be expensive.

But she was on the right lines when outlining the awful fate of these islands when North Sea oil runs out, with millions on the dole. Farmers and everyone else should think and buy British as a means of national survival, she said. But what about the EEC?

And of course there were practical papers on how to survive the 1980s. As returns look to be stagnating, fixed and variable costs must be contained and even reduced. Input suppliers are going to face a difficult time as their only sales will be the result of competitive tenders.

Then there is the money. Mr Chris Pettit of Lloyds Bank commended the creditworthiness of farmers so undergeared that they had an equity debt ratio of 7.6 to one—among the lowest in the world. In spite of this he urged caution.

Buying land made sense, he said, *when prices were outstripping* inflation and interest rates were below inflation. But now interest rates are considerably above inflation and the surge in land prices could be contained.

Low prices triggering lamb attacks

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FRENCH FARMERS' actions against meat imports from Britain and other Community countries are basically due to the depressed state of the European meat industry, which is heavily oversupplied with beef, sheepmeat, pork and poultry meat — hence the attacks on Danish and Dutch loads of pork, and a desultory campaign against British beef and lamb which erupted from time to time last year.

Attacks on lamb imports were a feature on the so-called lamb war before the institution of the EEC sheepmeat regime two years ago. While protecting farmers' incomes, the regime sought to avoid trade disputes by subjecting imports of British lamb to a levy equal to the deficiency payments which had already been paid to the producers.

However, UK exporters found ways of circumventing the levy. The renewed attacks could be attributed to French farmers realising this and blaming lamb imports from Britain for falling prices.

Sheepmeat exports to the continent, particularly France, have been an important outlet for British traders, with up to 30,000 tonnes going abroad in a good year, and exporters have learnt to live with occasional interuptions. But *they* are worried about this latest outbreak for which it is difficult to get insurance cover or worthwhile protection from the French police.

Exporters also fear further trouble on two counts. On February 1, all meat on the French market will be subject to *four-day* tests for hormone additives which are illegal in France. No hormones are fed to sheep in Britain.

Also, under the reform proposals of the EEC Commission, the UK premium or deficiency payment on lamb is likely to be effectively halved, so halving the import levy.

It is almost certain that French farmers will react most sharply to such an easing of import barriers. It could be a lively summer round the channel ports.

Commodity prices explosion 'unlikely'

BY JOHN EDWARDS, COMMODITIES EDITOR

THERE IS unlikely to be an explosion in commodity prices this year, according to the Economist Intelligence Unit. Its World Commodity Report 1984: Industrial Raw Materials, out today, says that in spite the vigour of the U.S. economy, economic growth in the OECD area will be only moderate at about 3 per cent.

The report says there are grounds for supposing that industrial growth is becoming less raw material intensive.

It is clear that less than a boom year lies ahead for mines, smelters and refineries," the report adds.

"Mining companies are unlikely to derive much joy from precious metal by-products in 1984. Gold and silver prices are likely to be subdued, with U.S. interest rates expected to remain high, continuing to choke off investment demand.

"The world of metals reeks of mothballs," the report declared. In no case does it see demand running up against physical capacity restraints, although aluminium production might respond too slowly to prevent prices rising to a point where markets are lost to copper and tinplate. A marginal reduction in copper stocks is forecast, with a modest price increase.

Meanwhile, London brokers Inter Commodities, in a report out yesterday, noted that "the zinc market has all the ingredients for a further major price advance during 1984, with stocks low and the supply/demand position tight."

Inter Commodities said that demand for zinc is set to improve further this year.

On the London Metal Exchange yesterday, zinc values rose to new 9½ year peaks. The three months quotation reached £689 at *one stage before closing* £683.25 a tonne, £5 up on the previous day.

Asarco, the big U.S. producer, *announced it was cutting* its domestic selling price for lead by 1 to 25 cents a lb.

Taiwan rice subsidy row

By Nancy Dunne in Washington

THE U.S. Rice Millers' Association, complaining of illegal export subsidies on rice by Taiwan, has *compiled a list* of Taiwanese imports worth $400m (£281m) and suggested them as candidates for retaliation.

U.S. and Taiwanese trade officials start a third round of talks on the issue in Washington on January 17.

If no agreement is reached, the U.S. may impose duties or quotas against Taiwanese imports. The millers' list includes fish, fruits, tyre tubes, tapestries, nails and screws, cotton knit shirts and automatic data processing equipment.

PRICE CHANGES

In tonnes unless stated otherwise	Jan. 12 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1060
Free Mkt	$1580/1610	+10	$1580/610
Copper			
Cash h grade	£972.5	+3.25	£984.5
3 mths	£998.25	+2.75	£1010.5
Cash Cathode	£957	......	£966.5
3 mths	£981.5	-1.5	£993.5
Gold troy oz	$370.125	+2.5	$389.125
Lead Cash	£285.75	-0.75	£275.25
3 mths	£295.25	-1	£288.25
Nickel	£4945	......	£4646.54
Free Mkt	208/228c	......	205/225c
Palladium oz	$155.50	+4.25	$163.00
Platinum oz	£265.55	+0.75	£278.05
Quicksilver†	$305/310	-2.5	$305/315
Silver troy oz	570.50p	-1.85	652.85p
3 mths	583.00p	-2.10	667.40p
Tin cash	£8622.5	-8.5	£8700
3 month	£8800.5	-7	£8856.5
Tungsten	$73.43	......	$76.08
Wolfr'm 22.04 lb	$72-76	......	$68/72
Zinc Cash	£683	+4.5	£586
3 mths	£683.25	+5	£601.25
Producers	$980	......	$950

	Jan. 12 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1075y	......	$1020
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$910w	+35	$705
Seeds			
Copra Phil	$715v	......	$660
Soyabean (U.S.)	$318.5y	......	$310
Grains			
Barley Fut. Mar	£122.70	......	£123.45
Maize	£148.00	......	£146.50
Wheat Fut. Mar	£121.05	+0.25	£123.55
No 2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1987	+41	£1913
Fut. May	£1910.5	+38	£1848
Coffee Ft. Mar	£2006.5	+30	£1997.5
Cotton A.Index	87.00c	......	89.60c
Gas Oil. Feb.	$247.75	-0.75	$241.25
Rubber (kilo)	85.5p	+0.5	84p
Sugar (Raw)	£125y	+1	£130
Woolt'ps 64s.	‡	......	421 pkilo

‡ Unquoted. w Feb. z March. v Feb-March. y Jan-Feb. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cent per pound.

LONDON OIL

During a very quiet day's trading, the market moved in a narrow range after opening about $1.00 lower. There was no significant move on the physical market or in New York to encourage trading, reports Premier Man.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	247.75	-0.75	248.50-247.5
Feb	247.75	-0.75	248.00-247.2
Mar	243.75	-0.50	244.00-243.2
April	239.00	-1.00	239.50-238.7
May	235.25	+0.25	235.90-234.2
June	234.75	-0.25	234.75-234.0
July	235.00	-1.75	235.00
Aug	237.00	-1.00	—
Sept	239.50	+0.05	—

Turnover: 1,437 (2,092) lots of 100 tonnes.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Mar	28.75	-0.15	—
Apr	28.55	-0.05	—
May	28.42	-0.03	28.42-28.33
June	27.80	-0.35	—
July	28.25	+0.05	—

Turnover: 6 (76) lots of 1,000 barrels.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.60	+0.03
Iranian Light	27.50-27.75	—
Arab Heavy	26.20-26.35	—
North Sea (Forties)	29.05	-0.05
North Sea (Brent)	29.15-29.35	+0.03
African Bonny L'ht	29.10-29.60	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	258-267	+3.0
Gas oil	247-256	—
Heavy fuel oil	175-178	—

GOLD MARKETS

Gold rose $2¼ to $369¾-370¼ on the London bullion market. It opened at $371¼-372, and was fixed at $371¼ in the morning, and $368¾ in the afternoon. The metal touched a peak of $372-372½, and fell to a low of $367¼-368¼.

In Paris the 12½ kilo gold bar was fixed at FFr 103,250 per kilo ($369.42 per ounce) in the afternoon, compared with FFr 103,500 ($371.65) in the morning, and FFr 102,750 ($369.85) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,875 per kilo ($371.73 per ounce), against DM 33,635 ($370.00), and closed at $369¾-370, compared with $367¾-368.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $371¼, against $368.80.

In Zurich gold finished at $370-370¼, compared with $367-367½.

LONDON FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ per troy ounce		
Jan	369.50-370.50	+2.50	—
Feb	371.20-371.50	+2.55	372.80-369.00
April	377.50-378.20	+2.40	379.20-376.00
June	383.80-384.10	+2.45	—
Aug	389.90-391.00	+2.55	—
Oct	396.00-397.50	+2.15	—

Turnover: 375 (769) lots of 100 troy ounces.

Gold Bullion (fine ounce)

	Jan. 12		Jan. 11	
Close	$369¾-370¼	(£264¾-265)	$367¾-368	(£263-263¼)
Opening	$371¼-372	(£265¼-266)	$366¾-367	(£262¾-263)
Morning fixing	$371.25	(£265.084)	$369	(£262.970)
Afternoon fixing	$368.50	(£263.665)	$367.75	(£262.893)

Gold and Platinum Coins Jan. 12

Krugrnd	$381-381½	(£272¼-273¼)	King Sov	$91-92¼	(£65¼-66¼)
½ Krug	$199½-197	(£140½-141)	Victoria Sov	$91-92¼	(£65¼-66¼)
¼ Krug	$100½-101	(£71¾-72¼)	French 20s	$73½-74¼	(£51½-53¼)
1/10 Krug	$41-41½	(£29¼-29¾)	50 pesos Mex	$452-454	(£323¼-324¼)
Mapleleaf	$380½-381½	(£272¼-273)	100 Cor. Aust	$360-364	(£257¼-260¼)
New Sov	$87-87¼	(£62¼-62¾)	$20 Eagle	$528-533	(£378¼-382¼)
½ New Sov	$52-52¼	(£37¼-37¼)	Noble Plat	$382¼-390	(£273¾-279)

EUROPEAN MARKETS

ROTTERDAM, January 12.

Wheat — (U.S. $ per tonne): U.S. Two Red Winter Feb 161, March 161.50, April 163. U.S. Two Northern Spring 14 per cent protein Jan 15/Feb 15 193, Feb 193, March 193, April-May 179, June 178, July 175. U.S. Three Amber Durum Jan 206, Feb 208, March 210, April/May 193, June 191, July 191, Aug 190, Sept 188. Canadian Western Spring April/May 209, June 209.50.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, Jan 312.50, Feb 312.75, March 312.55, April 316, Sept 305.50, Oct 283.25, Nov 283.25, Dec 287.50, Jan 291.75 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent Jan 240, Feb 240, March 243, April/Sept 242, Nov/March 229 sellers. Pellets Brazil Jan 261, Feb 263.50, March 257, April 252, April/Sept 248, May/Sept 244 sellers. Pellets Argentine afloat 250, Jan 248, Feb 251, March 255, May 246, April/Sept 242.50, May/Oct 242.50, July/Sept 243 sellers.

Maize—(U.S. $ per tonne): U.S. Three Yellow Jan 158.50, Feb 156.50, March 155, April-June 155, July-Sept 153 sellers. Argentine Plate Feb 173, April-June 160 sellers.

PARIS, Feb 12.

Cocoa — (FFr per 100 kg): March 2323-2334, May 2330-2340, July 2325 bid, Sept 2285 bid, Dec 2270 bid, March 2270 bid, May 2270 bid.

Sugar—(FFr per tonne): March 1901-1902, May 1958-1960, Aug 2070-2075, Oct 2125-2140, Dec 2200-2236, March 2310-2316.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were quietly mixed on the London Metal Exchange. COPPER slipped to £993.5 in early trading, depressed by the trend in gold, but rallied to close in the Kerb at £1,005 amid American buying interest. ZINC was erratic and touched extremes of £679 and £689 prior to closing the late Kerb at £685.5 amid talk of an imminent European producer price increase to $1,020. ALUMINIUM jumped to a record £1,160 on heavy speculative buying but fell away in line with copper to close the afternoon Kerb at £1,152. LEAD lost ground following the producer price cut announced by Asarco.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	967.5-8.5	-8.5	972-.5	+3.25
3 months	994-.5	-7.5	998-.5	+2.75
Settlem't	968.5	-8.5	—	
Cathodes				
Cash	955-.4	-7	956-8	
3 months	977-8	-7.5	981-2	-1.5
Settlem't	954	-7	—	
U.S. prod	—		*64.66	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £966, three months £995, 98, 97, 96, 95.50, 97, 96.50, 96, 95.50, 95, 94.50, 94. Cathodes: Cash £953, three months £979, 78. Kerb: Higher Grade: Three months £993, 92.50, 93. Afternoon: Higher Grade: Three months £996, 98.50, 99, 97.50, 98, 97.50, 98, 98.50. Kerb: Higher Grade: Three months £1,000, 1,000.50, 01, 02, 01.50, 02, 02.50, 03, 03.50, 03, 02, 02.50. Turnover: 38,900 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8680-90	-75	8675-80	-10
3 months	8825-35	+5	8820-5	-5
Settlem't	8690	-80	—	
Standard				
Cash	8620-30		8620-5	-2.5
3 months	8805-8	+4	8800-1	-7
Settlem't	8630		—	
Straits E	$29.15		—	
New York				

Tin — Morning: Standard: Three months £8,800, 05, 10, 15, 10, 05. High Grade: Cash £8,690, three months £8,830. Kerb: Standard: Three months £8,800, 8,795, 8,800, 05, 8,795, 90. Afternoon: Standard: Three months £8,800, 8,795, 92, 90, 91, 90, 95, 8,800. High Grade: Cash £8,680, three months £8,815, 10, 20. Kerb: Standard: Three months £8,800, 8,795, 90. Turnover: 2,970 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	286.25-.5	-4.25	285.5-6	-.75
3 months	295.5-6	-1	295-.5	-1
Settlem't	286.5	-4.5	—	
U.S. Spot	—		*27-30	

Lead—Morning: Cash £286.50, 86.25, three months £297, 96, 95.50, 96. Kerb: Three months £296, 95.50, 96. Afternoon: Three months £296.50, 96, 94.50, 94, 93, 92.50, 93, 94, 95, 95.50, 96, 95.50, 95. Kerb: Three months £294, 93.50, 94, 94.50. Turnover: 9,925 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	661-2	+8.75	682.5-3.5	+4.5
3 months	682.5-3	+4	683.5-4	+5
Settlem't	662	+4	—	
Prim'wts			*49-51	

Zinc — Morning: Cash £682, three months £683, 82.50, 82, 83. Kerb: Three months £682, 82.50. Afternoon: Three months £685, 84.50, 84, 83.50, 84, 83, 84.50, 85, 86, 85.50. Kerb: Three months £684, 84.50, 85, 86, 85.50. Turnover: 13,775 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1118.9	-.75	1120.5-1.5	-1
3 months	1147.5-8	-1	1150-.5	-.5

Aluminium—Morning: Three months £1,153, 53.50, 53, 51, 50, 49, 48.50, 48. Kerb: Three months £1,147.50, 47. Afternoon: Three months £1,151, 50, 50.50, 51, 50, 50.50. Kerb: Three months £1,152, 53, 52.50. Turnover: 17,700 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3335-7	+15.5	3350-60	-.5
3 months	3415-20	+18	3417-20	-2.5

* Cents per pound. $ MS per kilo. † On the previous unofficial close.

Nickel—Morning: Cash £3,337, three months £3,410, 13, 15. Kerb: Three months £3,415. Afternoon: Three months £3,420, 22, 20, 15. Kerb: Three months £3,415. Turnover: 1,632 tonnes.

SILVER

Silver was fixed 1.95p an ounce lower for spot delivery in the London bullion market yesterday at 570.5p. U.S. cent equivalents of the fixing levels were: spot 797c, down 5c; three-month 815.6c, down 5c; six-month 836.8c, down 5.3c; and 12-month 881.6c, down 5.6c. The metal opened at 579¼-582½ (811-815c) and closed at 579¼-578½ (802-808c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	570.30p	-1.95	574.5p	-8
3 months	583.00p	-2.10	587.75p	-4.25
6 months	597.60p	-2.25		
12 months	627.55p	-2.35	—	

LME — Silver (2,000 oz contract) — Morning: Three months 587.5p (581.5p). Turnover: 1 (1).

Turnover: 76 (133) lots of 10,000 ozs. Morning: Three months 588.0, 87.5, 82.0, 81.5, 82.0, small three months 585.0. Kerb: large three months 582.0. Afternoon: large three months 586.0, 87.0, 87.5. Kerb: large three months 587.5.

COCOA

A limit-up opening was followed by nervous profit-taking before a late rally aided a recovery and a close at the highs. There was active physical business both for cocoa beans and products but this was apparently restricted to consumers and second-hand dealing, producers remaining steadfastly withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1926-27	+41.0	1932-1885
May	1910-11	+38.0	1920-88
July	1892-93	+34.5	1895-70
Sept	1872-75	+39.5	1880-50
Dec	1845-46	+30.5	1845-20
March	1830-40	+48.0	1846-08
May	1815-40	+40.5	1805-05

Sales: 6,621 (3,750) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Jan 12: 117.69 (115.02); five-day average for Jan 13: 116.53 (117.51).

COFFEE

During a quiet morning prices rallied from an unchanged opening to about $10 higher by lunch, reports Drexel Burnham Lambert. Activity picked up mid-afternoon as trade and commission house buying emerged to trigger stop-loss orders and short-covering operations. This breaking the recent resistance level of £2,000-2,005 basis March.

COFFEE	Yest'day's Close	+ or —	Business Done
January	2015-20	+20.0	2022-64
March	2006-07	+30.0	2013-72
May	1973-74	+32.5	1912-86
July	1862-64	+24.5	1865-50
Sept	1830-34	+23.5	1833-08
Nov	1805-08	+24.0	1810-1793
January	1785-90	+21.0	1775-65

Sales: 4,395 (3,307) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Jan 11: Comp. daily 1979 136.20 (136.90); 15-day average 137.65 (138.01).

GRAINS

Business done—Wheat: Jan 118.95 only, March 121.10-20.80, May 123.10-2.80, July 124.25-4.00, Sept 110.25-10.00, Nov 112.90-2.85. Sales: 215 lots of 100 tonnes. Barley: Jan 120.70 only, March 122.90-2.60, May 123.60-3.30, Sept 103.40-8.30, Nov 111.60-1.50. Sales: 142 lots of 100 tonnes.

WHEAT Mnth.	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan	119.00	+0.35	120.60	-0.10
Mar	121.05	+0.25	122.70	-0.10
May	123.05	+0.25	123.50	-0.10
July	124.25	+0.35	—	—
Sept	110.00	-0.15	108.30	—
Nov	112.85	-0.05	111.55	-0.10

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Feb-March 143, April-May 139.50, June 139.50 transhipment East Coast: English feed fob Jan 124.50, March 126 East Coast. Maize: French 2nd half Jan 148, 1st half Feb 148.60 East Cost. Barley: English feed fob Jan 126 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 121.10, S. West 121.70, W. Midlands 123.30, N. West 120.50. The UK monetary coefficient for the week beginning Monday January 16 is expected to remain unchanged.

POTATOES

After a strong opening, up to £6 higher than the previous close, the market drifted in nervous trading conditions to close slightly off the day's lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	153.00	153.50	156.00-153.0
April	176.00	179.20	185.50-175.1
May	187.50	190.40	194.00-186.0
Nov	76.50	77.50	76.60
Feb	86.00	86.00	86.00

Sales: 1,595 (1,891) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted some covering interest throughout the day and closed quiet but steady, reports Lewis and Peat. The Kuala Lumpur February fob price for RSS No. 1 was 266.0 (264.75) cents a kg and SMR 20 225.0 (224.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
Feb	860-880	835-875	860
Mch	884-888	867-880	—
Apr-Jne	888-890	875-876	889-876
Jly-Sept	908-909	901-903	900-887
Oct-Dec	911-912	897-898	911
Jan-Mch	930-932	907-909	915-910
Apr-Jne	932-935	918-920	—
Jly-Sept	947-948	934-935	944-942
Oct-Dec	948-955	944-950	—

Sales: 143 (234) lots of 15 tonnes; 20 (nil) lots of 5 tonnes.

Physical closing prices (buyers): spot 85.50p (85.00p); Feb 88.00p (87.25p); March 88.00p (87.50p).

SOYABEAN MEAL

	Yesterday's close	+ or —	Business Done
	£ per tonne		
February	171.00-71.50	+1.75	171.00-70.00
April	170.75-70.90	+2.40	170.80-71.00
June	170.50-70.90	+2.10	170.60-70.00
August	172.50-74.00	+2.55	—
October	172.50-76.00	+2.25	—
Dec	177.00-79.00	+2.50	—
Feb	178.00-75.00	+2.00	—

Sales: 151 (100) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £125.00 ($175.50), up £1.00 a tonne for Jan-Feb shipment. White sugar $215.00, up $3.50.

Prices recovered during the day. The action was viewed as largely a technical move, reacting to an oversold market, reports C. Czarnikow.

No. 4 Con-tract	Yesterday's close	Previous close	Business done
	£ per tonne		
Mar	145.00	138.75	145.00-38.00
May	151.00-51.25	145.50-45.75	151.00-45.00

No. 6 Contract	$ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: No. 4 2,878 (2,017); No. 6 887 (509) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £322.00 (£320.75) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Jan 11: Daily price 6.60 (6.62); 15-day average 7.07 (7.13).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 6 tonnes. Lack of enterprise prevailed and dealings were exceedingly rare. Demand was concentrated on a few varieties but interest was shown in African and Middle Eastern growths, activity was severely restrained.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 401, 408, 410; March 414, 421, 424-420; May 433, 435, 439-434; Aug 449, 451, 455-451; Oct 451, 453, 456-453; Dec 454, 458, 460-458; Jan 465, 458, 460; March 465, 468, 470-467; May 465, 471, 480-473. Sales: 99.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 589.0, 571.0, 574.5-571.0; May 587.0, 587.0, 591.5-588.0; July 588.0, 591.5-589.0; Dec 599.0, 600.0, 601.0-599.0; March 610.0, 614.0, 615.0-610.0; May 620.0, 621.0, 621.0-615.0; July 630.0, 634.0, untraded. Sales: 218.

INDICES

FINANCIAL TIMES

Jan. 11	Jan. 10	M'th ago	Y'ar ago
296.41	295.88	295.15	247.21

(Base: July 1 1952=100)

REUTERS

Jan. 12	Jan. 11	M'th ago	Y'ar ago
1972.8	1971.4	1960.4	1616.8

(Base: September 18 1931=100)

MOODY'S

Jan. 11	Jan. 10	M'th ago	Yearago
1044.1	1044.2	1047.6	1050.9

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Jan. 11	Jan. 10	Month ago	Year ago
Spot	138.06	135.71	158.6	141.21
Futs	139.06	139.12	143.97	147.45

(Base: December 31 1974=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.24p per kg lw (−0.16). GB—Sheep 152.29p per kg est dcw (−2.22). GB—Pigs 76.38p per kg lw (−2.34).

SMITHFIELD—Pence per pound. Beef —Scotch killed sides 80.5-86.0; Ulster hindquarters 96.5-101.0, forequarters 56.0-60.0. Lamb—English small 66.5-71.5, medium 65.7-68.5, heavy 60.6-68.0; Imported: New Zealand PL 59.0-60.0, PM 58.5-59.0, PX 50.7-57.2. Pork—English, under 100 lb 49.0-55.0, 100-120 lbs 48.0-53.5, 120-160 lbs 42.0-50.5.

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £6.00-£8.50, codlings £4.00-5.50; small haddock £4.50-5.50; small plaice £4.00-5.00; rockfish £3.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Mandarines—Jaffa: 5.40-6.40. Satsumas—Spania: 3.40-3.80. Clementines—Spania: 3.70-4.20. Bakers 7.50-8.00. Mushrooms—per pound 0.90-1.20. Onions 0.10-0.18. Golden Delicious 10.00-12.00. Bramleys 0.18-0.24. Pears—Per pound, Comice 0.15-0.22, Conference 0.10-0.18. Potatoes—Whites 4.20-4.60; Edwards 4.80-5.00. Cabbages—Per 25-lb 2.20-2.50. Celery—Dirty by cubes. Sprouts—Per pound 0.10-0.12. Carrots—28-lb 1.80-2.00. Cauliflowers—Dozen 4.00-4.80. Parsnips—28-lb 2.00-2.80.

AMERICAN MARKETS

NEW YORK, January 12.

Heating oil was largely quiet in mixed trading with the tightness in the nearby months followed by weaker distant months, reports Heinold Commodities. The present floating storage policy by Saudi Arabia provides a basis for concern about a potential price *weakness later on:* the market closed on a moderately weak note. Copper prices advanced sharply on general buying off sterling: mixed local and commission house selling on the close reduced the net gains. Silver prices advanced on commission house buying in sympathy with the currencies; trade was an early seller but turned into an active buyer later in the day. Gold rallied on trade buying and short-covering; once the market failed to follow-through, general liquidation set in resulting in fractional net losses. Sugar prices rallied sharply on active *physical trade which triggered heavy* commission house buying with local traders following. Coffee prices were up sharply on active trade buying which was eventually followed by arbitrageurs *locals* and commission houses.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	78.25	78.45	77.65	78.00
May	78.70	78.85	78.15	78.45
July	79.55	—	—	79.30
Sept	80.40	—	—	80.15
Dec	81.75	—	—	81.50
Jan	82.20	—	—	81.95
March	83.05	—	—	82.80
May	83.90	—	—	83.65
July	84.75	—	—	84.50
Sept	85.60	—	—	85.35

SPOT PRICES—Chicago loose lard 24.00 (23.50) cents per pound. New York tin 594.0-98.0 (596.0-98.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in subdued trading

The dollar lost ground in currency markets yesterday. The pace of the dollar's recent rise inevitably introduced a note of caution into the market with attention tending to focus on today's U.S. economic indicators. These are expected to underline the recent rapid expansion in the U.S. economy, putting further upward pressure on interest rates and the U.S. dollar.

Trading was quiet for much of the day, interspersed by the occasional flurry of activity. There was little indication of any central bank intervention, reflecting the comparatively low volume. The dollar closed at DM 2.8375 down from DM 2.8425 against the D-mark, having touched a high in early trading of DM 2.8470. It slipped against the Swiss franc to SwFr 2.2475 from SwFr 2.2520 and FFr 8.6840 compared with FFr 8.6850 but improved in terms of the Japanese yen to Y234.80 from Y234.40. On Bank of England figures, the dollar's trade weighted index failed to reflect the dollar's overall decline, rising to 132.5 from 132.3.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. December average 1.4344. Trade weighted index 81.8 compared with 81.8 at noon and 81.7 at the opening, 81.7 on Wednesday and 85.0 six months ago.

Sterling traded between a high of $1.4025 against the dollar and a low of $1.3925. It opened at $1.3985-1.3995 and finished at $1.3975-1.3985, a rise of 25 points from Wednesday's close in London. It was unchanged against the D-mark at DM 3.97 and the Swiss franc at SwFr 3.1450. It improved against the French franc to FFr 12.1350 from FFr 12.1150 however and was marginally firmer in terms of the Japanese yen at Y328.5 compared with Y327.5.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. December average 2.7487. Trade-weighted index 122.9 against 127.0 six months ago.

The D-mark showed mixed changes at the Frankfurt fixing, weakening against the dollar and sterling, but gaining ground in terms of some of its EMS partners. The Bundesbank sold $45.4m when the dollar rose to DM 2.8375 from DM 2.8258 at the fixing, and later touched a peak of around DM 2.8465. Trading tended to be limited ahead of today's publication of figures on U.S. industrial production, retail prices and money supply, which are expected to provide clues about the strength of U.S. economic growth. Sterling improved to DM 3.9680 from DM 3.9600 at the fixing, and the Swiss franc to DM 1.2615 from DM 1.2614. On the other hand the Dutch guilder fell to DM 89.100 per 100 guilders from DM 89.145, and the Belgian franc to DM 4.9100 per 100 francs from DM 4.9700. At the same time the French franc rose to DM 32.720 per 100 francs from DM 32.710.

ITALIAN LIRA — Trading range against the dollar in 1983-84 is 2,397.5 to 1,343. December average 1,666.475. Trade-weighted index 48.4 against 51.3 six months ago.

The lira was weaker overall at the Milan fixing. The dollar rose to a record L1,721.25 from L1,712.25, showing fresh strength after a two-day pause. Sterling climbed to L2,404.10 from L2,397.25; the D-mark to L605.81 from L605.71; the Swiss franc to L764.39 from L763.08; and the French franc to L198.21 from L198.20. One or two EMS currencies recorded a small decline against the lira however, with the Belgian franc falling to L29.72 from L29.73, and the guilder to L539.41 from L540.15.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	46.0503	+2.56	+1.81	±1.5447
Danish Krone	8.14104	8.17410	+0.41	−0.34	±1.6425
German D-Mark	2.24184	2.26029	+0.82	+0.07	±1.0642
French Franc	6.87456	6.91083	+0.53	−0.22	±1.4052
Dutch Guilder	2.52595	2.53727	+0.45	−0.30	±1.4964
Irish Punt	0.72569	0.728135	+0.34	−0.41	±1.6689
Italian Lira	1403.49	1369.17	−2.45	−2.45	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	Jan. 12	Previous
Spot	$1.4030-4040	$1.3975-3985
1 month	0.03-0.06 dis	0.03-0.04 dis
3 months	0.12-0.16 dis	0.12-0.13 dis
12 months	0.68-0.83 dis	0.70-0.74 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3925-1.4025	1.3975-1.3985	0.02-0.07c dis	−0.39	0.11-0.16dis	−0.39
Canada	1.7425-1.7525	1.7460-1.7470	0.01-0.11c dis	−0.41	0.08-0.18dis	−0.30
Nethlnd.	4.44¼-4.46¼	4.45¼-4.46¼	1½-1c pm	3.38	3⅝-3⅛ pm	3.26
Belgium	80.60-81.10	80.90-81.00	2-12c dis	−1.03	25-35 dis	−1.48
Denmark	14.31-14.38	14.34-14.35	1⅛-2⅞ore dis	−1.93	5⅛-6⅛ dis	−1.62
Ireland	1.2740-1.2820	1.2765-1.2775	0.26-0.41p dis	−3.10	0.73-0.97dis	−2.66
W. Ger.	3.96½-3.97½	3.96½-3.97½	1⅞-⅞pf pm	3.78	3½-3 pm	3.27
Portugal	191.00-192.50	191.50-192.00	120-300c dis	−13.14	430-975dis	−14.65
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 82.30-82.40. Six-month forward dollar 0.30-0.35c dis. 12-month 0.07-0.77c dis.
* Jan 11—The rate should have read 225.70-227.00 (spread); 225.80-226.10 (close).

THE DOLLAR SPOT AND FORWARD

Jan 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3925-1.4025	1.3975-1.3985	0.02-0.07c dis	−0.39	0.11-0.16dis	−0.39
Ireland†	1.0915-1.0955	1.0920-1.0930	0.25-0.17c pm	2.36	0.64-0.52 pm	2.12
Canada	1.2495-1.2515	1.2495-1.2500	0.01pm-0.01c dis	—	0.04-0.02 pm	0.09
Nethlnd.	3.1795-3.1925	3.1865-3.1885	1.03-0.98c pm	3.80	2.95-2.90 pm	3.66
Belgium	57.70-57.95	57.91-57.93	2.00-3.00c dis	−0.52	14-17 dis	−1.07
Denmark	10.24½-10.28½	10.27-10.27½	0.25-0.75ore dis	−0.58	0.25-0.75dis	−0.19
W. Ger.	2.8300-2.8470	2.8370-2.8380	0.94-0.89pf pm	3.86	2.66-2.61 pm	3.70
Portugal	137.10-137.70	137.10-137.60	90-210c dis	−13.09	300-880dis	−14.25
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−8.53
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.11
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.94
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.31
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.43
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.51
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.69
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.85-58.93.

OTHER CURRENCIES

Jan. 12	£	$		Note Rates
Argentina Peso	34.04-34.12	24.38-24.41	Austria	27.65-28.15
Australia Dollar	1.5450-1.5485	1.1055-1.1075	Belgium	81.75-82.55
Brazil Cruzeiro	1,282.72-1,394.71	993-998	Denmark	14.29-14.43
Finland Markka	8.3625-8.3895	5.9800-5.9990	France	12.09-12.21
Greek Drachma	143.55-144.15	102.90-103.15	Germany	3.92½-3.99½
Hong Kong Dollar	10.88¼-10.89¼	7.7945-7.7965	Italy	2390-2430
Iran Rial	124.16	88.95*	Japan	326-331
Kuwait Dinar (KD)	0.4105-0.4115	0.2935-0.2943	Netherlands	4.45½-4.47½
Luxembourg Fr.	80.90-81.00	57.91-57.93	Norway	11.04-11.15
Malaysia Dollar	3.2690-3.2750	2.3410-2.3430	Portugal	189-203
New Zealand Dlr.	2.1590-2.1640	1.5445-1.5470	Spain	223½-233½
Saudi Arab. Riyal	4.9030-4.9075	3.5110-3.5115	Sweden	11.47-11.58
Singapore Dollar	2.9730-2.9790	2.1295-2.1310	Switzerland	3.11½-3.16½
Sth. African Rand	1.7665-1.7705	1.2650-1.2665	United States	1.38½-1.40½
U.A.E. Dirham	5.1275-5.1530	3.6720-3.6730	Yugoslavia	186-217

* Selling rates.

CURRENCY RATES

Jan. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	9	0.737864	0.569318
U.S. $	8½	1.03146	0.794759
Canadian $	9.97	1.28395*	0.994084
Austria Sch.	3¾	20.6261	15.8953
Belgian F	11	59.7215	46.0503
Danish Kr	7	10.5776	8.17410
D'mark	4	2.92677	2.26029
Guilder	5	3.29087	2.53727
French F	9½	8.96546	6.91083
Lira	17	1776.40	1369.17
Yen	5	241.981	186.808
Norwgn Kr	8	8.17630	6.31635
Spanish Pta	8	166.859	128.532
Swedish Kr	8½	8.50130	6.55755
Swiss Fr	4	2.31238	1.78178
Greek Dr'ch	20½	106.168	82.0509

*CS/SDR rate for Jan 11: 1.28395.

CURRENCY MOVEMENTS

Jan. 11	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.8	−8.5
U.S. dollar	132.5	+19.7
Canadian dollar	92.6	+0.5
Austrian schilling	112.8	+2.2
Belgian franc	88.7	−12.3
Danish kroner	77.5	−6.6
Deutsche mark	122.9	+6.2
Swiss franc	150.0	+14.3
Guilder	113.1	+5.6
French franc	65.1	−16.1
Lira	48.4	−12.3
Yen	157.3	+13.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.398	3.970	328.6	12.135	3.145	4.458	2405.	1.747	80.95
U.S. Dollar	0.715	1.	2.838	234.8	8.684	2.248	3.188	1721.	1.250	57.92
Deutschemark	0.252	0.352	1.	82.75	3.057	0.792	1.123	605.8	0.440	20.39
Japanese Yen 1,000	3.044	4.258	12.09	1000.	36.94	9.574	13.57	7321.	5.317	246.4
French Franc 10	0.824	1.152	3.272	270.7	10.	2.592	3.673	1982.	1.439	66.71
Swiss Franc	0.318	0.445	1.262	104.5	3.859	1.	1.417	764.7	0.555	25.74
Dutch Guilder	0.224	0.314	0.891	73.55	2.722	0.706	1.	539.5	0.392	18.16
Italian Lira 1,000	0.416	0.581	1.651	136.6	5.045	1.308	1.853	1000.	0.726	33.66
Canadian Dollar	0.573	0.800	2.273	188.1	6.948	1.801	2.552	1377.	1.	46.36
Belgian Franc 100	1.235	1.727	4.904	405.8	14.99	3.885	5.506	2971.	2.158	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¼-12¾
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅞-11⅜
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-11½
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11⅞-11¼
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-11½
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-11½

Asian $ (closing rates in Singapore): Short-term 9⅝-9¾ per cent; seven days 9¾-9⅞ per cent; one month 9⅝-9⅞ per cent; three months 9⅞-10 per cent; six months 10⅛-10¼ per cent; one year 10¼-10⅜ per cent. Long-term Eurodollars two years 11⅛-11¼ per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 12¼-12½ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Further rise in UK rates

Interest rates were slightly firmer where changed yesterday although sterling showed a better performance against most currencies. Three-month interbank money was quoted at 9⅛ per cent up from 9⅞ per cent while three-month eligible bank bills were bid at 8½ per cent compared with 8⅞-8⅞ per cent. Overnight interbank money opened at 9⅛-9½ per cent and eased gently to finish at 2 per cent.

The Bank of England forecast a shortage of around £50m with factors affecting the market including maturing assistance and a take up of Treasury bills

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

together draining £145m and Exchequer transactions a further £20m. On the other hand there was a fall in the note circulation of £10m and banks brought forward balances £120m above target.

The Bank revised the forecast to a shortage of £150m and gave assistance in the morning of £127m. This comprised purchases of £20m of eligible bank bills in band 2 (15-33 days) at 9 per cent and in band 3 (34-63 days) £15m of Treasury bills and £7m of eligible bank bills all at 8⅞ per cent. In band 4 (64-91 days) it bought £65m of eligible bank bills at 8⅞ per cent. There was no further assistance given by the Bank during the afternoon.

In Amsterdam short term liquidity remained in good supply. Call money was quoted at 5⅝-5⅞ per cent, unchanged from Wednesday while longer term rates were 1/16 of a point firmer where changed. Period rates may have been marked firmer in reaction to the dollar's rise to record levels against the guilder but there was little indication of a squeeze on short term rates with two currency swaps presently providing ample short term funds. Given the rather relaxed circumstances, dealers thought it unlikely that Dutch interest rates would be increased immediately even if the West German Bundesbank pushed rates higher in order to defend the D-mark against the dollar.

In Stockholm the Swedish central bank left its discount rate unchanged at 8½ per cent after the weekly board meeting. There had previously been some speculation in the market that falling domestic rates would trigger a cut in the discount rate.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 12 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	2-9⅛	8¾-9	5-9	3-8⅛	—	—	—	—	—
2 days notice	—	—	9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9-9⅛	9¼	9¼-9½	9	—	—	—	—	—
One month	[illegible]	[illegible]	9¼	9⅝	[illegible]	9	[illegible]	[illegible]	9	[illegible]
Two months	[illegible]	[illegible]	9⅜	9¾	9-9⅛	[illegible]	8⅞	9	[illegible]	9⅜
Three months	[illegible]	[illegible]	9½	9⅞	9-9⅛	8⅞	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	9⅝	—	—	—	—	[illegible]	[illegible]	9⅞
Nine months	[illegible]	9⅞-10⅛	9¾	—	—	—	—	—	—	—
One year	9¾-9⅞	10-10⅛	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅞-9⅝	—	9⅛	9.5-9.6	8⅞-9	9⅛-9⅞
Two months	9⅞-9⅝	—	9½	9.55-9.65	8¾-9⅛	9⅛-9½
Three months	9⅞-9⅝	—	9⅝	9.65-9.75	8⅞-9¼	9⅞-9⅞
Six months	9¼-9	—	9⅞	9.85-9.95	9⅛-9⅛	9½-10⅛
Nine months	10⅛-9⅞	—	10	9.95-10.15	—	—
One year	10-9¾	—	10⅛	10.10-10.30	9⅜-9¾	9½-10⅛
Two years	—	10½	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Fixed Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8669 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month: 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

Jan. 12	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	12¼	1-2	5⅝-5¾	6.15625	17⅛-17⅞	8.20	12-12¼
One month	5.95-6.10	12⅛-12¼	5⅛-5⅛	5⅛-5⅞	6.15625	17½-17⅞	10⅜-10⅝	12-12¼
Two months	6.00-6.10	12⅛-12⅛	—	—	—	—	—	12-12¼
Three months	6.05-6.20	12⅛-12⅛	3¾-5⅞	6-6⅛	6.21875	17¾-18⅛	10⅝-11	12-12¼
Six months	6.35-6.50	12¼-12⅜	—	6¼-6⅜	—	—	11-11⅜	12⅜-12⅝
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10½
Fed funds	9½
Fed funds at intervention	—

Treasury Bills

One month	8.80
Two month	8.75
Three month	8.91
Six month	9.07
One year	9.13

Treasury Bonds

Two year	100 7/32
Three year	100
Four year	99⅞
Five year	99½
Seven year	100 11/32
10 year	100
30 year	101 17/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. January 12)

3 months U.S. dollars	
bid 9 13/16	offer 9 15/16

6 months U.S. dollars	
bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Calmer trading

Trading was calm and quiet on the London International Financial Futures Exchange yesterday. The long-term gilt contract for March delivery opened at 108-14, near to the day's low of 108-13, but then showed some strength on bargain hunting in relaxed conditions, helped by the relative stability of the foreign exchange market. Sterling finished firmer against the dollar, after hovering near the $1.40 level for much of the day, while cash gilt prices moved nervously, but closed slightly higher overall. The March contract on Liffe rose to a peak 109-02, and closed at 109-00, compared with 108-18 on Wednesday.

Sentiment was helped by the lack of movement in London money market interest rates, where earlier fears of higher clearing bank base rates—following the weakness of the pound against the dollar and the disappointing UK money supply figures released this week—tended to wane.

This was also reflected in the three-month sterling deposit contract, which opened at the day's high of 90.36 for March delivery, and fell to a low of 90.26, before rallying to close near the peak, at 90.34, compared with 90.38 previously.

Eurodollars were very quiet, with the March contract opening and closing at the same level of 89.94, compared with the previous settlement of 89.99.

Market sources suggested that the outcome of U.S. economic data to be published today has already been discounted, and that the industrial production figures and retail sales statistics are expected to confirm recent indications of strong U.S. economic growth.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-15	70-16	70-12	70-16
June	69-28	69-30	69-27	69-30
Sept	69-10	69-11	69-10	69-12
Dec	68-26	68-27	68-26	68-28
March	68-11	68-12	68-11	68-13
June	67-29	67-29	67-29	68-00
Sept	—	—	—	67-20
Dec	—	—	—	67-10

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.83	90.84	90.80	90.84
June	90.51	90.51	90.49	90.52
Sept	90.23	90.24	90.22	90.25
Dec	89.97	89.99	89.96	89.99
March	89.74	—	89.74	89.75
June	—	—	—	89.54
Sept	—	—	—	89.36
Dec	—	—	—	89.18

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.12	90.13	90.09	90.14
June	89.74	89.75	89.73	89.76
Sept	89.41	89.42	89.41	89.44
Dec	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.67	89.68	89.65	89.69
June	89.34	89.35	89.33	89.36
Sept	89.04	89.05	89.04	89.07
Dec	88.79	88.79	88.78	88.80
March	88.52	88.52	88.52	88.54
June	88.28	—	88.28	88.29

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.4045	1.4050	1.3960	1.3960
June	1.4060	1.4060	1.3980	1.3980
Sept	1.4060	1.4060	1.4020	1.4000
Dec	1.4080	1.4080	1.4030	1.4020
March	1.4100	1.4100	1.4050	1.4040

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-11	69-14	69-10	69-14
June	68-14	68-16	68-13	68-16
Sept	67-18	67-18	67-18	67-20
Dec	66-28	66-28	66-28	66-28
March	—	—	—	—
June	—	—	—	65-23
Sept	—	—	—	65-09
Dec	64-28	64-28	64-28	64-29
March	—	—	—	—

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.94	89.95	89.93	89.99
June	89.62	89.63	89.60	89.66
Sept	89.34	89.35	89.33	89.37
Dec	89.04	89.04	89.04	89.08
March	88.85	—	—	88.89

Volume 1,200 (2,134)
Previous day's open int 8,813 (8,664)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.34	90.36	90.26	90.38
June	90.12	90.12	90.06	90.15
Sept	89.93	89.95	89.90	89.96
Dec	89.82	89.82	89.81	89.75

Volume 1,644 (1,382)
Previous day's open int 5,363 (5,143)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-00	109-02	108-13	108-18
June	108-15	108-15	108-02	108-02
Sept	108-03	108-03	107-19	107-22
Dec	107-22	—	—	107-10
March	107-09	—	—	106-30

Volume 3,750 (5,811)
Previous day's open int 3,128 (2,432)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 42 to 54 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.3975	1.4015	1.3963	1.3970
June	1.3990	1.4010	1.3990	1.3985
Sept	1.4010	—	—	1.4005

Volume 285 (421)
Previous day's open int 2,263 (2,174)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3543	0.3555	0.3536	0.3544
June	0.3574	0.3574	0.3574	0.3575
Sept	0.3605	0.3605	0.3603	—

Volume 111 (165)
Previous day's open int 288 (325)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4490	0.4499	0.4490	0.4492
June	0.4550	—	—	0.4558
Sept	—	—	—	—

Volume 3 (2)
Previous day's open int 161 (181)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4278	0.4284	0.4274	0.4298
June	0.4318	—	—	0.4337
Sept	—	—	—	—

Volume 162 (10)
Previous day's open int 271 (276)

FINANCIAL TIMES

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WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday January 11 1984. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 11 at 11.00 am
3 months: 9 13/16. 6 months: 10⅛.

SDR1=US$1.03341
Sibor as of January 11 at 11.00 am
3 months: 9 13/16. 6 months: 10⅛.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50
Albania	Lek	7.2066
Algeria	Dinar	4.9927
Andorra	Fr. Franc	8.6405
	Sp. Peseta	161.65
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	24.85
Australia	Dollar	1.1019
Austria	Schilling	19.93
Azores	Port. Escudo	137.25
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	161.65
Bangladesh	Taka	24.85
Barbados	Dollar	2.0115
Belgium	Franc (C)	57.58
	Franc (F)	58.54
Belize	Dollar	2.00
Benin	C.F.A. Franc	432.025
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.29
Bolivia	Peso (12)	500.00
Botswana	Pula*	1.1841
Brazil	Cruzeiro (10)	981.50
Brunei	Dollar	2.151
Bulgaria	Lev	0.998
Burma	Kyat	8.2354
Burundi	Franc (13)	118.732
Cameroun Rp.	C.F.A. Franc	432.025
Canada	Dollar	1.2518
Canary Is.	Sp. Peseta	161.65
Cape Verde Is.	Escudo	72.6744
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	432.025
Chad	C.F.A. Franc	432.025
Chile	Peso (O)	87.75
China	Renminbi Yuan	2.041
Colombia	Peso (O)	89.33
Comoros	C.F.A. Franc	432.025
Congo(P'ple.Rep.of)	C.F.A. Franc	432.025
Costa Rica	Colon (9)	43.40
Cuba	Peso	0.8704
Cyprus	Pound*	1.7385
Czechoslovakia	Koruna (O)	6.46
Denmark	Krone	10.225
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	55.10
	Sucre (F)	90.75
Egypt	Pound* (O)	1.4286
	Pound*	1.2092
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	333.30
Ethiopia	Birr (O)	2.0686
Faeroe Is.	Dan. Krone	10.225
Falkland Is.	Pound*	1.4015
Fiji	Dollar	1.0557
Finland	Markka	5.976
France	Franc	8.6405
Fr. C'ty in Af.	C.F.A. Franc	432.025
Fr. Guiana	Franc	8.6405
Fr. Pac. Is.	C.F.P. Franc	157.10
Gabon	C.F.A. Franc	432.025
Gambia	Dalasi	2.8541
Germany (E)	Ostmark (O)	2.827
Germany (W)	Mark	2.827
Ghana	Cedi	30.00
Gibraltar	Pound*	1.4015
Greece	Drachma	102.80
Greenland	Dan. Krone	10.225

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.6405
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	85.1546
Guinea Rep.	Syli	23.8871
Guyana	Dollar	3.00
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.794
Hungary	Forint	44.51
Iceland	Krona	29.54
India	Rupee	9.29
Indonesia	Rupiah	995.15
Iran	Rial (O)	89.3156
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.0986
Israel	Shekel (1)	112.49
Italy	Lira	1711.50
Ivory Coast	C.F.A. Franc	432.025
Jamaica	Dollar (o) (11)	3.17
Japan	Yen	233.60
Jordan	Dinar	0.3752
Kampuchea	Riel	n.a.
Kenya	Shilling	13.951
Kiribati	Aust. Dollar	1.1019
Korea (Nth)	Won	0.94
Korea (Sth)	Won	797.60
Kuwait	Dinar	0.2945
Lao P'ple D. Rep.	Kip	13.00
Lebanon	Pound	5.497
Lesotho	Loti	1.2626
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.241
Luxembourg	Lux Franc	57.58
Macao	Pataca	8.1019
Madagascar D.R.	Franc	521.109
Madeira	Port. Escudo	137.25
Malawi	Kwacha	1.3038
Malaysia	Ringgit	2.34
Maldive Is.	Rufiyaa (O)	3.95
	Rufiyaa (M)	7.05
Mali Rp.	Franc	864.05
Malta	Pound*	2.3193
Martinique	Franc	8.6405
Mauritania	Ouguiya	55.85
Mauritius	Rupee	13.4084
Mexico	Peso (Free)	165.00
	Peso (cont'd)	145.28
Miquelon	Fr. Franc	8.6405
Monaco	Fr. Franc	8.6405
Mongolia	Tugrik (O)	3.3556
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.129
Mozambique	Metica	41.518
Namibia	S.A. Rand	1.2626
Nauru Is.	Aust. Dollar	1.1019
Nepal	Rupee	15.75
Netherlands	Guilder	3.17
Neth.Ant'les	Guilder	1.80
New Zealand	Dollar	1.5446
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	432.025
Nigeria	Naira*	0.753
Norway	Krone	7.925
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	13.6578
Panama	Balboa	1.00
Papua N.G.	Kina	0.8734
Paraguay	Guarani (o)	160.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Peru	Sol	2302.74
Philippines	Peso (4)	14.01
Pitcairn Is.	N.Z. Dollar	1.5446
Poland	Zloty (O)	95.49
Portugal	Escudo	137.25
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion, Ile de la	Fr. Franc	8.6405
Romania	Leu (O)	4.47
Rwanda	Franc (8)	99.389
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.4015
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.6405
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala*	1.63
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1711.50
Sao Tome & Principe DR	Dobra	40.0759
Saudi Arabia	Riyal	3.51
Senegal	C.F.A. Franc	432.025
Seychelles	Rupee	7.006
Sierra Leone	Leone	2.51
Singapore	Dollar	2.151
Solomon Is.	Dollar	1.2267
Somali Rep.	Shilling	15.9665
South Africa	Rand	1.2626
Spain	Peseta	161.65
Span. Ports in N. Africa	Sp. Peseta	161.65
Sri Lanka	Rupee	25.17
Sudan Rep.	Pound*	0.7693
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.2626
Sweden	Krone	8.215
Switzerland	Franc	2.241
Syria	Pound	3.925
Taiwan	Dollar (O)	40.28
Tanzania	Shilling	12.50
Thailand	Baht	22.97
Togo Rep.	C.F.A. Franc	432.025
Tonga Is.	Pa'anga	1.1019
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7487
Turkey	Lira	307.40
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.1019
Uganda	Shilling (1st)	238.40
	Shilling (2nd)	297.60
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.4015
Upper Volta	C.F.A. Franc	432.025
Uruguay	Peso	45.65
U.S.S.R.	Rouble	0.7975
Vanuatu	Vatu	102.766
Vatican	Lira	1711.50
Venezuela	Bolivar (5)	5.15
	Bolivar (6)	9.95
	Bolivar (7)	12.75
Vietnam	Dong (O)	10.0452
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.697
Yemen PDR	Dinar	0.3453
Yugoslavia	Dinar	127.44
Zaire Rp.	Zaire	27.3197
Zambia	Kwacha	1.2386
Zimbabwe	Dollar	1.1409

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Nepal: Devaluation of 3.5 per cent, January 11 1984. (2) Guinea-Bissau: Devaluation of 50 per cent, December 28 1983. (3) India: Per 100 Rupees. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three-tier system has developed. This rate is for all essential imports. (6) Venezuela: Non essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71. (9) Costa Rica: November 11, Central Bank unified the exchange rate. (10) Brazil: November 22, Brazil Central Bank devalued effective November 23. (11) Jamaica: November 23, Government adjusted Official rate. (12) Bolivia: November 17, Central Bank devalued. (13) Burundi: November 23, linked to SDR effective devaluation 30 per cent.
For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

EEC returns to the Eurosterling market

BY MARY ANN SIEGHART IN LONDON

THE EUROPEAN Economy Community is tapping the Eurosterling bond market for the third time in the space of a year with a 10-year, £50m bond led by Hambros Bank, Kleinwort Benson and S.G. Warburg.

The bond carries a coupon of 11¾ per cent at a price of 99½, giving a yield to maturity of 11.46 per cent. Dealers seemed to think the bond was reasonably priced, though clearly not generous. It traded just outside its 1⅞ per cent selling concession.

New issue activity in the dollar sector was muted, with only one bond being launched – the widely-expected $70m issue from the Japanese trading company, Nissho Iwai. Guaranteed by Sanwa Bank, the bond has an indicated coupon of 6½ per cent and carries warrants – one with each bond – to buy shares of the company at a premium of 2½ per cent. Nomura International is leading the deal with Baring Brothers, Deutsche Bank, Morgan Stanley and Yamaichi International.

It met with only a lukewarm response, trading at a discount of around 1¾ points. Some dealers suggested that a convertible bond would have been more popular.

Today should see the relaunch of the $20m convertible for Computer Products, the U.S. measurement and control systems manufacturer, that was originally issued last autumn and then cancelled due to lack of interest. This time the 15-year bond has a put option for investors after four years.

Though the coupon, at 7–7½ per cent, is the same, the conversion premium of 10–15 per cent is lower. Shearson/American Express is leading the deal with Robinson Humphrey/AmEx and Morgan Grenfell.

The dollar secondary market was very quiet yesterday, with prices easing off by ⅛–¼ point.

The European Investment Bank is raising Ecu 50m through a 12-year bond paying an 11¼ per cent coupon at par. Arranged by Société Générale de Banque, with five so far unnamed co-lead managers, about 80 per cent of the deal will be placed in Italy.

Mitsubishi Electric's SwFr 200m convertible private placement has been given the lowest coupon ever seen in the Swiss franc bond market by lead manager UBS. The issue will pay just 2 per cent, well below its indicated yield of 2½ per cent.

Low coupons were also in evidence in the D-Mark sector, where R. J. Reynolds' 10-year, DM 125m bond with a coupon of just 7¾ per cent met with a rapturous reception. Led by Deutsche Bank, it traded at a ½ per cent premium over its par issue price.

Secondary market prices changed little in Switzerland and Germany yesterday. Turnover was moderate.

SHF Bank bond average

Jan 12		Previous
98.077		98.058
High	1983/84	Low
102.017		97.699

WEEKLY U.S. BOND YIELDS (%)

	Jan 11	Jan 4	1983-1984 High	Low
Composite Corp. AA	12.39	12.47	12.83	10.78
Government:				
Long-term	11.66	11.74	11.93	10.18
Intermediate	11.48	11.54	12.03	9.83
Short-term	10.87	10.91	11.26	9.21
Municipal	N/A	9.71	10.01	8.72
Industrials AAA	11.94	11.99	12.36	10.51
Industrials AA	12.21	12.31	12.62	10.72
Utilities AA	12.58	12.63	13.05	10.35
Preferred Stocks	11.47	11.55	11.47	10.59

Source: Standard & Poor's

CSFB recruits new issue manager

By Our Euromarkets Staff

CREDIT SUISSE First Boston, the leading house in the Eurobond market, has recruited one of the market's top new issue managers from a rival firm.

Mr P. Joan Beck, until today the director in charge of new issues and syndication at Morgan Stanley, will become an executive director at CSFB in charge of capital market executions. He will be working under Mr Hans-Joerg Rudloff, Eurobond chief and a vice-chairman of CSFB.

Mr Beck, 37, comes from the Netherlands and before his 4½-year stint at Morgan Stanley, worked at Merrill Lynch and Pierson, Heldring. He is very well-respected in the market. In the words of a senior new issue manager from another firm, "He has big support and following in the market."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 12.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia Comm 11¼ 90	100	101	101½	-0¼	0	10.96
Australia Comm 11½ 95	300	97¼	97¾	-0⅛	-0⅝	11.88
Australia Comm 11⅝ 98	100	97⅛	97⅝	-0⅛	-0⅛	12.00
Bank of Tokyo 11 90	100	95	95½	-0⅛	+0½	12.18
Bank of Tokyo 11⅞ 90	100	98⅛	98⅝	-0⅛	+0⅜	12.17
British Col Hyd 10⅞ 88	200	98¼	98¾	0	+0⅛	11.32
British Fin 11⅞ 90	175	99¾	100¼	-0⅛	+0½	11.85
Canada 10⅞ 88	500	98⅝	99⅛	0	-0¼	11.16
C.C.C.E. 12⅜ 95	75	99⅞	100⅜	0	+0½	12.58
C.I.B.C. 11 90	75	92¾	93¼	0	+0¼	12.71
Citicorp O/S 10¾ 90	100	91⅜	91⅞	0	+0¼	12.32
Citicorp O/S 11¾ 90	100	98	98½	0	+0¼	12.11
Cred Suisse BAH 10½ 90	150	98¾	99¼	0	-0⅝	10.71
Den Norsk Cred 11¼ 93	50	92¾	93¼	-0⅛	0⅛	12.61
Denmark Kingdom 12¼ 93	100	97¼	97¾	0	+0¼	12.70
E.C.S.C. 11⅞ 90	75	99	99½	-0⅛	-0⅛	12.01
E.D.F. 11⅛ 93	100	93⅛	93⅝	+0⅛	+1	12.31
E.E.C. 11 87	350	98⅝	99⅛	-0⅛	-0⅛	11.35
E.E.C. 12 93	50	99¼	99¾	+0⅛	-0⅜	12.08
E.I.B. 10¾ 93	200	91⅜	91⅞	-0⅛	-0⅛	12.28
E.I.B. 11 91	125	94¾	95¼	-0⅛	+0¼	12.06
E.I.B. 11½ 90	200	97⅛	97⅝	-0⅛	0	12.07
Exportfinans 11½ 90	100	96⅜	96⅞	-0⅛	+0⅛	12.24
Electrolux 10½ 90	50	92⅜	92⅞	-0⅜	-0¼	12.19
Fuji Int Fin 10⅞ 90	100	93½	94	0	+0½	12.32
GMAC O/S Fin 11⅜ 90	100	99½	100	-0⅛	-0⅞	11.48
Honeywell Int 10¾ 90	100	96	96½	0	-⅛	11.61
IC Indust Fin 11⅞ 93	75	96½	97	0	0	12.36
Indust Bk Japan 11⅞ 91	100	99⅛	99⅝	0	+0⅜	11.98
ITT Finance 11½ 89 WW	125	99½	100	0	0	11.55
Japan Air Lines 10⅞ 98	42	92⅛	92⅝	0	+0⅝	12.00
Japan Air Lines 11 93	75	94⅞	95⅜	0	+0⅛	11.88
J.C. Penney 11⅞ 90	100	100⅞	101⅜	-0⅛	-0⅛	11.60
J. P. Morgan 11¾ 90 WW	150	97⅞	98⅜	-0½	+0⅝	11.78
Levi Strauss Int 11 90	75	96⅜	96⅞	-0⅛	-⅛	11.74
L.T.C.B. 10¾ 90	100	93¼	93¾	0	+0⅜	12.24
L.T.C.B. 12½ 90	85	101¾	102¼	0	+0⅝	12.02
Merrill Lynch 10⅝ 90	200	94½	95	0	+0⅛	11.82
Mitsubishi Fin 11⅜ 90	100	95⅝	96⅛	-0⅛	+0⅜	12.30
Nippon Credit 11 90	100	94	94½	-0⅛	+0⅜	12.33
Nippon Credit 11⅜ 90	100	97¾	98¼	+0⅛	-0⅜	12.30
Ontario Hydro 10¼ 90	250	94	94½	-0⅛	+0¼	11.55
Ontario Hydro 11¾ 90	200	100⅞	101⅜	-0⅛	+0⅛	11.47
Pacific Gas & Elec 12 91	75	102¼	102¾	-0⅛	-0⅛	11.47
P.K. Banken 12 90 WW	75	96½	97	0	0	12.72
Prudential 10⅛ 93 WW	150	96¼	96¾	+3	+1⅜	10.71
Prudential 10⅛ 93 XW	150	90	90½	-0⅛	-0⅛	11.84
Quebec Hydro 11½ 92	100†	97¾	98¼	0	-0⅛	11.86
Sears O/S Fin 11½ 88	125	101¼	101¾	-0⅛	-0⅛	11.07
Sears O/S Fin 11⅝ 93	150	98¼	98¾	0	0	11.87
Sth Cal Edison 10½ 90	75	95½	96	-0⅛	-0⅛	11.46
Sumitomo Fin 10⅞ 90	100	93½	94	0	+0⅜	12.31
Texaco Capital 10½ 93	200	94½	95	-0¼	-0⅛	11.40
U.B.S. 10 88	100	97⅞	98⅜	0	0	10.53
World Bank 11¼ 88	100	99¼	99¾	-0¼	-0⅜	11.35
World Bank 11¼ 90	200	96¼	96¾	-0⅛	-0⅜	12.01
World Bank 11½ 90	150	98	98½	0	+0¼	11.86
World Bank 12 93	200	99¾	100¼	-0¼	0	11.97

Av. price changes: on day 0, on week -⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amca Int'l 8¼ 91	100	97⅜	97⅞	0	0	8.67
A.N.A.S. 8½ 91	150	98	98½	0	+0½	8.84
Arab Banking Corp 8 88	100	96⅜	96⅞	+0⅛	0	8.89
Asian Dev Bk 8½ 93	200	100	100½	0	0	8.45
Austria, Rep 7⅝ 89	100	100⅜	100⅞	-0⅛	-0¼	7.47
Avon Int Fin 7½ 93	100	101	101½	0	0	7.30
Barclays O/S 8⅛ 98	250	98⅞	99⅜	+0⅛	0	8.23
Beatrice Foods 7¾ 93	130	102⅝	103⅛	0	-0⅛	7.32
E.C.S.C. 8 90	160	99⅞	100⅜	-0⅛	-0⅝	7.96
E.I.B. 8 93	200	98½	99	0	-0⅛	8.18
Eurofima 7½ 90	100	101⅜	101⅞	-0⅜	+0½	7.17
Europarat 8¼ 93	150	99⅜	99⅞	-0⅛	0	8.38
Finland Rep 8 90	150	99⅜	99⅞	0	+0¼	8.06
I.A.D.B. 8¼ 93	150	97⅝	98⅛	+0⅛	+0⅛	8.57
Int Standard Ele 7⅜ 90	100	99⅛	99⅝	0	0	7.47
Int Standard Ele 7¾ 93	100	101¼	101¾	-0¼	-0⅜	7.51
Ireland 8⅝ 91	150	100	100½	+0⅛	+0⅛	8.57
Japan Dev Bank 7½ 90	100	100⅞	101⅜	+0¼	+0⅝	7.24
L.T.C.B. 8 90	100	100⅝	101⅛	-0⅛	0⅜	7.81
Mogal Fin 8¼ 94	150	97⅛	97⅝	0	+0½	8.65
Sth Africa Rep 8½ 91	200	98½	99	0	-0⅛	8.72
S.N.C.F. 8⅛ 93	100	99⅞	100⅜	-0½	-0⅝	8.10
VEBA Int Fin 4 93 WW	300	116	116¾	-1½	+1⅜	2.15
VEBA Int Fin 4 93 XW	300	75⅛	75⅝	+0¼	+0¼	7.63
World Bank 7⅞ 89	300	99⅞	100⅜	-0⅛	0	7.83
World Bank 8 93	300	98⅝	99⅛	0	-0¼	8.17

Av. price changes: on day -⅛, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex O/S Fin 7¼ 91	57	76	76½	-0½	-2⅛	12.09
Bank of Tokyo 6 91	100	103	103¼	+0½	+0½	5.48
Denmark 5⅞ 91	100	102¾	103	-0½	-1	5.88
E.E.C. 6 93	100	101¾	102	+0¼	-0¼	5.74
Elec Power Dev 5⅝ 93	100	100½	100¾	+0¼	0	5.54
Europarat 6⅛ 93	100	99½	99¾	+0½	+0¾	6.17
Ind Fund Fin 6¼ 91	40†	101½	102	0	+0⅛	5.95
Int-Am Dev Bk 6 93	100	100¼	100½	0	+1⅛	5.94
Ireland 6½ 93	80	100¼	100½	0	+0⅜	6.44
Japan Dev Bank 5⅞ 93	100	103⅜	103⅝	-0⅛	+1	5.37
Jap Highway Pub 5⅝ 91	100	101½	101¾	-0¼	+0¼	5.36
Kansai Ele Power 6 91	100	103	103¼	0	+0¼	5.47
Manitoba Prov 5½ 93	100	102¼	102½	0	+0⅝	5.18
Mont Blanc Tunl 6⅜ 93	35	102¾	103	+0⅛	+0¼	5.97
Mount Isa Finance 6 93	100	103	103¼	-0⅛	+0⅜	5.56
NTG Bk Denmark 6¼ 91	80	102⅛	102⅜	+0½	+0⅝	5.88
New Brunswick 5¾ 93	100	103½	103¾	0	+0¾	5.25
Nippon Tel & Tel 5¾ 93	100	103½	103¾	0	+0⅝	5.27
Nisshin Steel 6¼ 91	100	102⅛	102⅜	-0⅛	-0⅛	5.86
Osterr Post 6⅛ 91	100	103¼	103½	-0⅜	-0¼	5.55
Quebec Province 5⅝ 93	100	101⅝	101⅞	+0⅜	+1½	5.39
Shikoku Elec Power 6 91	100	103⅜	103⅝	+0⅛	+0¼	5.44
Soc Lux Cent 5¾ 93	100	100	100¼	0	0	5.73
Sumitomo Heavy Ind 6 91	100	102¼	102½	0	-0⅜	5.61
Tokyo Elec Power 5⅞ 91	100	103	103¼	0	+0¼	5.36
Trizec Corp 6⅛ 93	100	101¾	102	+0¼	+0⅜	5.86

Av. price changes: on day 0, on week -¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8⅝ 92	15	106⅝	107⅛	0	0⅛	7.52
E I B 8¼ 92	15	103¼	103¾	0	-0⅜	7.88
Int-Am Dev Bk 7⅞ 93	15	101⅛	101⅝	0	+0⅝	7.55
New Zealand 7⅝ 89	15	103⅝	104⅛	0	+0⅜	6.72
World Bank 7⅞ 93	20	101⅜	101⅞	0	+0⅜	7.38

Av. price changes: on day 0, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
British Col Hyd 12 93 CS	125	97⅞	98⅜	0	0	12.37
E.I.B. 12⅛ 91 CS	80†	97⅝	98⅛	+0⅛	+0⅛	12.55
Loblaw 12½ 90 CS	35†	98⅛	98⅝	-0⅜	+0⅝	12.80
Montreal City of 12 90 CS	50†*	97⅜	98⅛	+0⅛	+0⅜	12.43
Quebec Hydro 12¾ 93 CS	50†	102½	102⅞	+0⅛	+0⅜	12.28
Royal Trstco 12⅞ 88 CS	50†	101¼	101¾	0	+0⅛	12.77
World Bank 12¾ 90 CS	75†	100½	101	+0⅛	+0¼	12.55
E.E.C. 11 93 ECU	50	100⅝	101⅛	+0¼	-1½	10.84
Genfinance 11 90 ECU	70	99½	100½	+0⅛	+0⅜	10.97
Algemene Bank 8¾ 88 Fl	150	102½	103	-0⅜	0¼	7.99
Amro Bank 8¼ 88 Fl	100	103¼	103¾	-0⅛	0	7.83
Bank Mees & Hope 9 88 Fl	75	103¾	104¼	-0¼	+0⅛	7.92
Ned Middenstandbk 9 88 Fl	100	103⅞	104⅜	0	0⅛	7.82
Rabobank 9 88 Fl	100	103⅞	104⅜	-0⅜	-0⅛	7.99
World Bank 8 88 Fl	100	103⅛	103⅝	0	-0½	6.84
O.K.B. 14 88 FF	400	100⅞	101⅞	-0	0	13.18
Solvay & Cie 14¾ 88 FF	200	102⅛	103⅛	0	+0⅜	13.21
B.F.C.E. 11½ 88 £	50	99½	100¼	-0⅛	-0⅛	11.49
British Oxyg 11¾ 91 £	50	100⅜	101⅛	+0⅛	0	11.56
CEPME 11¼ 95 £	35	104⅞	105⅛	-0⅛	+0⅛	10.58
CIBA-Geigy Int 8¾ 93 £	25	102	103	+0½	+3½	8.39
Commerzbank 11½ 90 £	25	97⅝	98⅜	+0⅛	+0⅜	11.93
E.E.C. 11⅞ 91 £	50	100⅞	101⅜	0	+0⅛	11.60
E.E.C. 11⅞ 93 £	50	101⅛	101⅝	+0⅛	+0⅜	11.59
Fin For Ind 10½ 90 £	20	95⅛	95⅝	+0⅛	+0¼	11.51
Finland Rep 11⅞ 88 £	50	100⅝	101⅛	-0⅛	-0⅛	11.56
Gen Elec Co 12½ 89 £	50	103⅛	104⅛	0	-0⅛	11.37
I.I.I. 10¾ 93 £	25	95½	96	+0⅛	-0¼	11.50
I.I.I. 11½ 91 WW £	50†	99¾	100¼	-0⅛	-0⅛	11.48
Norsk Hydro 12 90 £	30	101	101¾	0	+0⅛	11.60
Sweden 11¼ 93 £	50	98⅛	98⅝	0	0	11.49
Swed Exp Cred 11¼ 88 £	30	98⅞	99⅜	0	-0¼	11.43
World Bank 11⅛ 88 £	100	98½	99	0	+0⅜	11.23
Eurofima 10 91 LuxFr	800	99⅜	100⅜	0	+0⅛	10.01
Europarat 10¾ 93 LuxFr	600	100⅜	101⅜	0	+0⅛	10.50

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk 5¼ 95 §	0¼	98⅝	98⅞	8/8	10.31	10.46
Banco di Roma 5¼ 90	0¼	99⅞	100⅛	7/6	10½	10.50
Belgium 5 2004	0⅛	99⅛	99⅜	9/7	10.31	10.38
Bk of New Yk 5¼ 96 §	0⅛	98¼	99½	12/1	5¼	5.24
C.C.F. 5¼ 95	0⅛	99¾	100	7/4	9.94	9.96
C.C.F. 5¼ 98 §	0¼	100	100¼	24/3	10.19	10.17
CEPME 5⅛ 88 WW †	0¼	100⅛	100⅜	3/3	10.31	10.29
C.N.C.A. 5⅛ 95 XW	0¼	99⅞	100⅛	7/6	10½	10.50
C.N.T. 5¼ 91	0¼	99¾	100	6/5	10.19	10.20
Credit Foncier 5¼ 93	0¼	99¾	100	6/4	10	10.01
Denmark 5¼ 90 §	3/16	99½	99¾	13/4	10	10.04
Dresdner Fin 5¼ 93 XW §	0¼	100	100¼	18/4	9.94	9.93
EAB Fin 5 93 §	0¼	100	100¼	20/6	10.05	10.07
E.D.F. 5¼ 95 XW	0¼	100	100¼	10/2	11⅜	11.36
E.E.C. 5 90	0⅛	100	100¼	5/7	10⅜	10.36
Exi Int 5¼ 98	0¼	98⅞	99⅛	21/6	10.61	11.01
Fst Interstate 5¼ 95 §	0½	99¼	99½	6/3	8.94	[illegible]
Fuji Int'l 5¼ 98 §	0⅛	99⅜	99⅝	12/7	10⅛	10.20
GZB 5¼ 98	0⅛	99⅝	99⅞	29/5	10.19	10.21
Hispano 5¼ 95	0¼	99⅞	100⅛	20/4	10	10.10
Nat Bk Canada 5¼ 91 §	0¼†	98½	98¾	5/7	10.44	10.58
Saitama Int 5⅛ 93	0⅛	99⅞	100⅛	5/6	10.10	10.10
Soc Generale 5¼ 90 XW	0⅛	99¾	100	8/6	10.31	10.33
Sweden 5¼ 2003 §	0⅛	99⅝	99⅞	17/5	10.19	10.21

Av. price changes: on day 0, on week -⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4¼ 95	2/84†	108	98¼	99¼	0	-3.40
Bridgestone Tire 5½ 98	3/82	470	138¼	139¾	-2	8.18
Canon 7 97	7/82	680.2	242⅞	244⅛	-0⅜	8.58
Daiwa Sec Co 5½ 98	10/83†	481.8	104	105½	+0½	-8.77
Fanuc 3¾ 98	1/84	6142	122⅜	123⅜	+0⅜	4.91
Hitachi Cable 5¼ 96	2/82	515	120	121½	-1½	-1.42
Honda Motor 5⅛ 98	6/83	884	128⅛	129⅛	-1⅛	2.21
Honda Motor 6½ 97	3/83	758.6	145½	147	-1⅞	8.09
Konishiroku Photo 4 98	10/83	673	103¼	104¼	+0¼	8.11
Kyowa Hakko 6⅛ 97	2/83	762	118⅞	120⅜	-0⅛	12.52
Minebea Co Ltd 5½ 98	5/83	687	110⅝	111½	-0¾	-0.45
Mitsubishi Electric 5¼ 98	6/83	396	111	112	+0⅞	4.64
Mitsubishi Heavy 4¾ 99	1/84	253	105⅞	107⅛	+0¾	2.70
Nippon Electric 5¼ 97	2/82	785.9	189⅛	190⅛	0	0.94
Nippon Oil Co 5½ 98	4/83	964	114	115	+0½	9.49
Nissan Motor 5¾ 98	4/83	708	110⅜	111¼	+0⅛	2.24
Olympus Optical 6¾ 97	12/82	1157	111⅞	112⅞	+0½	10.92
Orient Leasing 5⅛ 98	8/83	2880	101⅞	102⅞	-0⅜	-1.15
Secom 5 98	11/83	2920	158	160½	+3	3.82
Yamaichi Sec Co 5 98	8/83	449.5	104	105½	-0½	-1.53
Yamanouchi Pharm'cal 4 90	10/83	1808	184⅜	185⅜	+0⅜	27.85
Bridge Oil 4¾ 93 SF	3/84	3.43	109	111	+0½	21.90
Toshiba 2¾ 94 SF	1/84	391	112½	114⅛	-0¾	2.48
Aucs 5 82 DM	12/82	[illegible]	[illegible]	[illegible]	[illegible]	4.74
Konishiroku 6¾ 91 DM	6/82	[illegible]	[illegible]	[illegible]	[illegible]	-1.85
Sum Realty 6½ 92 DM	2/83	365	148	141	[illegible]	-6.51

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.